SASKATCHEWAN
LIQUOR AND GAMING
AUTHORITY

Annual Report
2002-03

Saskatchewan
Liquor and Gaming Authority

Saskatchewan
Our Future is Wide Open

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Regina, Saskatchewan
July 2003

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

Your Honour:

I am pleased to submit the Annual Report of the Saskatchewan Liquor and Gaming Authority for the period ending March 31, 2003. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act.*

Ron Osika
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Honourable Ron Osika
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Honourable Ron Osika:

I have the honour of submitting the 2002-03 Annual Report of the Saskatchewan Liquor and Gaming Authority for the fiscal year ending March 31, 2003. SLGA has made significant changes to the structure of this year's Annual Report by aligning our achievements with our goals and priorities. As well, SLGA has provided an overview of our Strategic Plan for 2003-04 and beyond, including a summary of our strategic direction, our environmental scan and a series of actions that will be taken in 2003-04. This effort to align our reporting processes with our Balanced Scorecard reflects SLGA's commitment to improving accountability for results and to implementing the government-wide Accountability Framework.

I am confident that this review of both our 2002-03 achievements and our strategic plan for 2003-04 and beyond demonstrates SLGA's ongoing commitment to providing leadership and vision in the management of the province's liquor and gaming industries.

Sandra Morgan
President & CEO
Saskatchewan Liquor and Gaming Authority

Who We Are

The Saskatchewan Liquor and Gaming Authority (SLGA) is a Treasury Board Crown Corporation responsible for the distribution, control and regulation of liquor and gaming across the province. SLGA achieves this through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 81 liquor stores throughout the province.

As of March 31, 2003, SLGA employed approximately 850 staff in 64 communities throughout the province. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA owns and operates all video lottery terminals and owns and manages the slot machines at the province's four First Nations casinos. SLGA also licenses and regulates most forms of gaming including bingo, raffles, casinos, breakopen tickets and horse racing.

SLGA operates under *The Alcohol and Gaming Regulation Act* and works in partnership with a broad range of stakeholders and clients, including: the SGEU; the Federation of Saskatchewan Indian Nations (FSIN); the Saskatchewan Indian Gaming Authority (SIGA); Saskatchewan Indian Gaming Licensing Inc. (SIGL); Western Canada Lottery Corporation (WCLC); the Canadian Restaurant and Foodservices Association; the Hotels Association of Saskatchewan (HAS); the Saskatchewan Liquor Vendors Association; liquor-licensed establishments; non-profit clubs; charity associations/individual charities; Western Gaming Systems; the Saskatchewan Indian Federated College (SIFC); the Brewers Association of Canada; and, the Association of Canadian Distillers. (Please see Appendix B for an overview of SLGA's stakeholders and partners).

SLGA is organized into six divisions:

- The Operations Division is responsible for the purchasing, distribution, warehousing and retailing of beverage alcohol in Saskatchewan. The Division oversees Saskatchewan's liquor stores and franchises.
- The Regulatory Compliance Division has responsibility for the licensing, inspection and monitoring of liquor and gaming activities in the province. The Division is also responsible for horse racing, and provides a range of community information and education seminars.
- The Gaming Operations Division is responsible for the planning, implementation and management of the VLT program, breakopen vending machine program and the slot machines in First Nations casinos along with the implementation of the operational agreements relating to the province's First Nations casinos.
- The Corporate Services Division provides financial, administrative, procurement, information systems and audit support services to the organization.
- The Human Relations Division provides organizational development, communications and human resource services to the organization.
- The Policy and Planning Division is responsible for corporate planning, performance measurement, performance reporting, policy development and analysis, research and evaluation and legislative services for the organization. The Division also plays a central role in the negotiation and implementation of the Gaming Framework Agreement.

Overview

The Provincial Beverage Alcohol Sector
SLGA operates 81 liquor stores in 64 communities throughout the province. In addition, SLGA grants 190 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. In addition, there are 484 off-sale outlets across the province licensed to sell a full range of beverage alcohol products, including spirits which were introduced to the off-sale system in 2002-03. Saskatchewan's model for beverage alcohol distribution combines a public model for liquor distribution with private franchises and off-sale outlets. This partnership has been very successful in providing provincial customers with high quality service.

In 2002-03, SLGA listed more than 2,100 products, which includes general listings, specialty listings (with an emphasis on fine wine) and domestic and imported beer. General listings remained relatively stable at 1,070. The specialty listing base, however, rose to 755 from 725 in 2001-02. SLGA is also committed to ensuring customer needs are met by offering a special order system for customers who want products not currently listed by SLGA. SLGA continues to place a greater emphasis on procuring limited allocation premium wines from around the world to meet the growing requests of Saskatchewan consumers. Domestic and imported beer listings remained relatively constant at approximately 325 compared to an 11 per cent growth rate in the previous year. While a number of new brands and package sizes were introduced during the year, a number of privately-distributed beer products were removed from the market due to minimal sales volumes.

SLGA's distribution centre, located in Regina, processed 14,096 orders in 2002-03 at an average of 126 cases of product per order for stores and 24 cases per order for franchises. This represents an annual flow of approximately 1.23 million cases of beverage alcohol that are received, stored and ultimately shipped across the province.

SLGA also manages the administration of special occasion permits for the province. Special occasion permits are required for anyone serving alcohol at a special event such as weddings, cabarets and fundraisers. There were 18,051 permits issued in 2002-03, a decrease of 1.5 per cent from the previous year.

As a regulatory body for liquor-licensed premises, SLGA ensures that the more than 1,700 licensed premises in the province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act*. SLGA also follows up on any complaints regarding licensed outlets.

The Provincial Gaming Sector
Casino Operations in Saskatchewan
The Saskatchewan Liquor and Gaming Authority regulates all seven of the province's full-time casinos: Saskatoon's Emerald Casino, operated by Prairieland Park Corporation, as well as two government-run casinos and four First Nations casinos.

Casinos Regina and Moose Jaw are operated by the Saskatchewan Gaming Corporation, a Treasury Board Crown Corporation. Casino Regina opened in January 1996; Casino Moose Jaw opened in September 2002. As of March 31, 2002 Casinos Regina and Moose Jaw employed 752 staff, 51 per cent of whom are of Aboriginal heritage.

Revenues from SGC casinos are split, with 50 per cent of revenues retained by the provincial government's General Revenue Fund (GRF), 25 per cent provided to the First Nations Trust (FNT) and 25 per cent provided to the Community Initiatives Fund (CIF).

The GRF helps fund essential programs and services in areas such as highways, health care and education. The FNT supports economic development, social development, justice, health, education, culture, and other First Nations initiatives. Saskatchewan Government Relations and Aboriginal Affairs is responsible for the Trust which is administered by an appointed Board of Trustees. The CIF distributes casino profits to exhibition associations and community groups that provide programs and services for vulnerable children, youth and families. The fund is administered by Saskatchewan Culture, Youth and Recreation.

Profit figures for SGC casinos are outlined in SGC's annual report.

First Nations Gaming in Saskatchewan is conducted through an agreement between the Province and the Federation of Saskatchewan Indian Nations (FSIN). The FSIN created the Saskatchewan Indian Gaming Authority (SIGA) to operate the casinos:

- **Gold Eagle Casino** - opened February 1996 in North Battleford
- **Northern Lights Casino** - opened March 1996 in Prince Albert
- **Bear Claw Casino** - opened November 1996 on the White Bear First Nation
- **Painted Hand Casino** - opened December 1996 in Yorkton

As of March 31, 2003, SIGA casinos employed 1,130 people, 70 per cent of whom are of Aboriginal heritage.

SIGA revenues are split, with 37.5 per cent of net profits provided to the provincial government's General Revenue Fund and 37.5 per cent provided to the First Nations Trust. Because all four SIGA casinos are located on-reserve, the remaining 25 per cent of net revenue is directed to Community Development Corporations (CDCs). CDCs fund economic development, social development, justice, education, recreation, culture, health and other related initiatives among First Nations and non-First Nations charities in and around the communities where these casinos are located. CDCs are run by appointed boards in each of these four communities.

In 2002-03, SIGA recorded a net profit of $29.4 million, the highest net profit recorded for SIGA.

On June 11, 2002, the Province and the FSIN signed a new 25-year Gaming Framework Agreement to provide for the continued operation of the four First Nations casinos. The Agreement maintains the revenue sharing agreement (outlined above) and provides for several annual payments to be provided from SIGA's net profits prior to profit distribution, including:

- $875,000 for Saskatchewan Indian Gaming Licensing Inc. (SIGL) for 2002-03. After 2002-03, this number will be determined by a Budget Review Committee managed jointly by SLGA and SIGL;
- $1.5 million to the First Nations Addictions Rehabilitation Foundation (FNARF); and,
- $250,000 to the FSIN each year for five fiscal years, to support its efforts to prepare proposals for on-reserve gaming jurisdiction.

Video Lottery Terminals (VLTs)

The overall number of VLTs in Saskatchewan remains capped at 4,000 machines. SLGA contracts with the Western Canada Lottery Corporation (WCLC) to operate and maintain the VLTs. SLGA also pays a commission to liquor-licensed establishments which host the VLT machines. As of March 31, 2003, there were 3,760 VLTs in 691 sites, located in 334 communities across the province.

Charitable Gaming

SLGA regulates bingos, breakopen tickets and raffles through the licensing, monitoring, compliance and auditing of charitable organizations. All money raised through these activities is returned to charitable organizations.

Horse Racing

In 2002-03, three exhibition associations received support from the Province for horse racing: the Regina Exhibition Association (Queensbury Downs), Saskatoon Prairieland Park Corporation (Marquis Downs) and the Yorkton Agricultural & Industrial Exhibition. The Province provides grants to the exhibitions to help maintain the horse racing industry. Under the grant system, all of the provincial pari-mutuel tax collected on wagering is returned in the form of grants for stake races, purse support and other programs. On February 26, 2003, the Regina Exhibition Association announced the closure of the racetrack at Queensbury Downs.

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The 2000-01 provincial budget address announced that the Government would be implementing a new Accountability Framework over the next few years, "giving Saskatchewan people solid reference points by which to judge the performance of their government." The continuing improvements in SLGA's Annual Report are tied to the ongoing implementation of this broader initiative.

SLGA's 2002-03 Annual Report serves two functions:

- It reports accomplishments for 2002-03; and
- It outlines SLGA's strategic direction for 2003-04 and beyond.

SLGA is committed to reporting progress on its plan, and to enhancing accountability to the public and to its stakeholders. SLGA's performance plan for 2003-04 and beyond includes a series of planned actions for 2003-04 and a set of performance measures that will be used to gauge progress. SLGA has provided baseline information for 2002-03 for these measures and will report future results for these measures in its 2003-04 Annual Report.

Overview of SLGA's 2002-03 Strategic Goals

SLGA's Mission: *To distribute, control and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility.*
Goal 1: Customer Service. Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.
Goal 2: Public Policy. Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industries.
Goal 3: Our People. Provide a positive and healthy environment for our employees that values diversity, and encourages continuous learning, mutual respect and self-responsibility.
Goal 4: Internal. Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.
Goal 5: Financial. Be fiscally responsible and accountable in support of provincial financial objectives.

2002-03 Performance Results

The following section provides detailed information on the key initiatives, major outcomes and specific results for SLGA during the 2002-03 fiscal year with respect to the five goals identified above. Additional detail about SLGA's strategic direction, including a complete review of its Balanced Scorecard and performance measures, is provided later in this report.

Goal 1: Customer Service
Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.

Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders. In 2002-03, SLGA defined a range of key actions and initiatives that support this focus on improving customer service, including:

Customer Service/Product Knowledge Training. As of 2002-03, 95 per cent of SLGA's eligible part-time and full-time retail employees have participated in this training (almost 600 employees). This training is intended to enhance overall retail liquor store customer service through the provision of product knowledge and customer service training to retail employees. Training seminars provide thorough knowledge of the beverage alcohol products sold in SLGA stores.

Improvements to Alcohol Distribution System. Beginning in late July 2002, a number of SLGA liquor stores began opening Sundays and some statutory holidays. The change was made to improve service to customers and to bring Saskatchewan's liquor distribution system in line with the province's current retail environment.

Improving Customer Access. Effective December 8, 2002, off-sale outlets in Saskatchewan have been able to sell spirits. Previously, off-sale outlets could only sell beer, wine and coolers; spirits were only sold at SLGA liquor stores and franchises. This decision was made in consultation with a variety of stakeholders, including the Saskatchewan Government and General Employees Union, Association of Canadian Distillers, the Saskatchewan Liquor Vendors Association and the Hotels Association of Saskatchewan. This change builds on the proven strength of SLGA's distribution system, which includes a mix of public and private retailers, resulting in improved product access, especially in rural areas.

Changes in Markup Structure. During the past year, a change to the markup structure applied to spirits resulted in the reduction in the retail price of several premium spirit products. Affected products included many brands of single-malt Scotch as well as some other premium products. This change was made to make high-end spirit products more competitive. The change also responds to customer requests and brings prices for Saskatchewan's premium products in line with other jurisdictions, including Alberta.

Specialized Services. Customers are becoming more sophisticated when it comes to information regarding products available through SLGA stores. SLGA has initiated a number of specialized services designed to provide customers with more information about products and services:

- The Station Centre Liquor Store in Moose Jaw conducted 37 tasting events, highlighting products, basic food and wine pairings and new trends.
- Thirty seminars and special events took place at the demonstration kitchen located in the South Albert Liquor Store in Regina. The kitchen also provided numerous opportunities for Regina restaurateurs to showcase their establishments by having their chefs demonstrate food and wine pairings and prepare specialty menu items made with beverage alcohol.

- SLGA continued to provide a range of specialized services including the bulk wine bottling facility at Regina's Normanview Liquor Store (which provides consumers with a convenient alternative to producing wine at home), and SLGA's special order service for customers who want products not currently listed by SLGA or not available at their closest SLGA store.

SLGA's business, and the quality of its services are dependent on a range of components, including the infrastructure used to house and deliver products and services. This infrastructure ranges from retail liquor stores, to VLT and slot machines, to our warehouse inventory and point-of-sale systems. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demand.

Capital Improvements to Liquor Stores. Like any retail business, proper infrastructure and regular maintenance and upgrades are essential in order to meet customer demand. In 2002-03, SLGA undertook four minor renovation projects in Moose Jaw, Lloydminster, Humboldt and Kerrobert.

VLT Replacement. During the year, SLGA implemented a process to replace the VLTs and the central computer system, which were approximately 10 years old (exceeding their expected service life by five years). Replacement of the VLTs and upgrade of the central computer began in February 2003. As of March 31, 2003, 1,937 VLTs were replaced in the province-wide network. Replacement of the entire VLT network (capped at 4,000 machines) was expected to be completed in June 2003.

Goal 2: Public Policy
Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industries.

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors. Key achievements for 2002-03 included:

Working With SIGA On Compliance Issues. SLGA continues to work with the Saskatchewan Indian Gaming Authority (SIGA) to achieve progress on the sustained progress benchmarks and issues identified by the Provincial Auditor on matters of compliance and gaming integrity. In February 2003, SLGA issued Budgeting and Reporting Guidelines to SIGA. These guidelines provide SIGA with the content and timing requirements for submission of its annual budget, and monthly and quarterly financial reporting. In 2002-03, SIGA improved the timeliness and the content of financial information provided to SIGA's management and board, as well as to SLGA. SLGA also reviews and approves operational and administrative policies and procedures developed by SIGA. In the future, SLGA will also work closely with SIGA in the ongoing development and refinement of its business plan.

Improving SIGA's Overall Accountability. SLGA has developed a workplan setting out timeframes and key activities required for SIGA to meet sustained compliance and Provincial Auditor's recommendations. SLGA regularly attends the SIGA Board meetings to discuss progress toward meeting the Provincial Auditor's recommendations and sustained progress. Monthly meetings are held between the CEOs and senior officials of SLGA and SIGA. Expenditures identified by the Provincial Auditor in 2000 as inappropriate, have now been fully recovered and SIGA payee lists for 2000-01 and 2001-02 have been made public.

Regulatory Compliance. SLGA plays a lead role in regulatory compliance for the liquor and gaming sectors, in partnership with law enforcement and other regulatory agencies. SLGA is responsible for ensuring licensed liquor and gaming establishments, charitable organizations and special occasion permittees comply with *The Alcohol and Gaming Regulation Act* and the Terms and Conditions associated with each licence. In

2002-03, SLGA conducted 3,324 investigations into complaints and infractions, and had 12,334 contacts with licensed establishments and the public. Of these contacts, 1,165 were investigations related to the registration of gaming employees, and the registration of suppliers of gaming and non-gaming goods and services. In 2002-03, 292 sanctions were levied by SLGA. Sanctioning is a graduated process to address non-compliance, including letters of warning, fines and suspensions.

Registering Gaming Employees/Suppliers. Another responsibility of SLGA is registering all gaming employees in the province, as well as companies and individuals wishing to supply gaming and non-gaming goods and services to the gaming industry in Saskatchewan. In 2002-03, there were 2,553 registered gaming employees and 90 suppliers of gaming and non-gaming goods and services. This is an increase from 2001-02 when there were 2,451 registered employees and 75 suppliers.

Promoting Compliance Through Education. SLGA plays a key educational role in communicating SLGA's rules and regulations. In 2002-03, SLGA held 153 educational sessions that were attended by more than 1,400 permittees and stakeholders. These sessions provide an opportunity for stakeholders to learn about compliance issues such as regulations concerning minors, crowd control and signs of intoxication. An additional 54 meetings were held to promote compliance in charitable gaming.

Gaming Framework Agreement. The Province of Saskatchewan and the Federation of Saskatchewan Indian Nations (FSIN) signed a 25-year Gaming Framework Agreement on June 11, 2002. The Agreement allows for the continued operation of casinos in the province through the Saskatchewan Indian Gaming Authority (SIGA) and is one of the steps the provincial government has taken to further its commitment to, and investment in, Aboriginal people in the province. The Agreement includes: enhanced accountability provisions for the First Nations Trust; an additional 375 gaming machines for SIGA upon signing the Agreement; an additional 125 gaming machines for SIGA to be available on a phased-in basis; a commitment to work with the FSIN regarding on-reserve gaming jurisdiction; and, a commitment to jointly provide $1.5 million annually to fund problem gambling programs for First Nations people. The Agreement has a 25-year term and will be reviewed every five years. The revenue sharing arrangement -- 37.5 per cent to the government, 37.5 per cent to the First Nations Trust and 25 per cent to Community Development Corporations -- remains unchanged. The new Agreement also continues to give the FSIN the exclusive right to propose a casino for Saskatoon until June 2005. Any such proposal must have municipal approval and be accompanied by a market study supporting its feasibility.

Bingo Industry Planning. SLGA is working with an Industry Strategic Planning Committee to develop a plan to guide the future direction of the bingo industry. This committee was formed as a result of a provincial bingo industry workshop in Saskatoon in February 2002. The committee met throughout 2002-03 to develop a plan to assist in stabilizing the charitable bingo market. The committee continues to meet on an ongoing basis to discuss potential future enhancements for the province's bingo market, including amendments to the bingo terms and conditions.

SLGA plays a very significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders towards the achievement of broader provincial objectives.

Contributing to the GRF. In 2002-03, SLGA transferred $328.7 million to the provincial government's General Revenue Fund (GRF) to fund public programs.

Revenue Sharing with Stakeholders. In addition to the money transferred to the GRF, the broader policy framework governed by SLGA provided for

the sharing of revenue among many stakeholders in 2002-03, including: VLT site contractors ($35.6 million); off-sale commercial permittee beer discount ($9.8 million); franchise commissions ($3.8 million); and, charitable gaming proceeds ($37 million).

Ensuring fair access to liquor and gaming products and services in the province remains a key principle in the province's public delivery model. In the retail liquor distribution sector, this is dependent on SLGA's partnership with the province's network of franchises and off-sale outlets, both of which play a significant role in serving rural and remote areas.

Liquor Outlets in Saskatchewan. Saskatchewan's model for retail liquor distribution works very well in providing fair access to provincial residents. Saskatchewan's liquor distribution system is comprised of 81 government-run liquor stores in 64 communities, 190 franchise outlets in rural Saskatchewan and 484 off-sale outlets across the province. According to a 2002 national study, Saskatchewan's ratio of retail liquor outlets per capita is higher than any other jurisdiction in Canada, including Alberta's privatized system.

Video Lottery Terminals (VLTs). As of March 31, 2003 there were 3,760 VLTs in 691 sites, located in 334 communities in the province. The VLT program supports communities by providing local liquor-permitted hotels and restaurants an additional form of entertainment to offer patrons. In 2002-03, $35.6 million was provided to VLT site contractors as a commission for hosting the machines. Net revenue generated by the VLT program flows to the General Revenue Fund to help fund essential programs and services for all Saskatchewan people in such areas as highways, health care and education.

SLGA plays a key role in promoting the socially responsible use of liquor and gaming products. Social responsibility now forms a part of SLGA's mandate and is an important part of SLGA's strategic direction. Key achievements for 2002-03 included:

Support for Provincial Programs. SLGA contributes to a number of programs and initiatives designed to encourage the responsible use of liquor and gaming products. These include: the Server Intervention Program; Have Someone for The Road - Designated Driver Program; VLT site contractor training; Please Bring Your I.D. Program; Fetal Alcohol Syndrome Awareness Program; the Problem Gambling Help-Line; and the Saskatchewan Responsible Gaming Association (SRGA).

La Loche Pilot Project. A two-year pilot project to ban the sale of beer in glass containers in the northern community of La Loche was launched in April 2002. Community leaders in La Loche requested the ban to help address concerns about litter and injuries caused by beer bottles and broken glass. The liquor store and commercial liquor permittees in the community are not permitted to sell beer in glass bottles during the two year pilot project. SLGA agreed to the pilot project in consultation with communities, neighbouring band councils, the RCMP, the Keewatin Yathé Health District, SARCAN, Saskatchewan Environment, the Western Brewers Association and Brewers Distributors Ltd. SLGA is working with the RCMP and the local hospital to monitor statistics on glass-related assaults and injuries to measure the impact of the pilot project.

Responsible Gaming Software. As part of the government's commitment to responsible gaming, all of the replacement VLTs feature responsible gaming software:

- The amount wagered is shown in dollars, rather than credits, to make players more aware of winnings or losses in actual dollars;
- A clock shows the actual time of day to enhance player awareness of the time of day and offset the 'loss of time' phenomenon noted by problem gamblers;

- A 'pop up' reminder interrupts the player every 30 minutes, stating the amount of time the VLT has been played since the last cash-out or zero balance and requiring a response in order to continue playing; and
- An enhanced banner display allows for a variety of responsible gaming messages to raise player awareness of options such as the problem gambling help line.

Goal 3: Our People
Provide a positive and healthy environment for our employees that values diversity, and encourages continuous learning, mutual respect and self-responsibility.

Employees are the key resource of the Saskatchewan Liquor and Gaming Authority. As of March 31, 2003, SLGA employed approximately 850 staff in 64 communities throughout the province. Approximately 71 per cent of SLGA employees were employed in the liquor store system. As a provider of services, SLGA's staff are critical to ensuring the organization's success in meeting customer's needs and being successful as a business.

SLGA is committed to ensuring a positive, healthy and safe workplace for its employees. SLGA has also identified developing the overall capacity of its employees as a key strategic objective for the organization. A number of initiatives have been developed which are designed to develop employees' skills and ensure the organization has the capacity to meet strategic outcomes, including enhancing customer service and overall productivity. Developing leadership skills throughout the organization will also help ensure SLGA can address longer-term human resource challenges like retention, career planning and succession planning. SLGA is also committed to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. Key achievements for 2002-03 include:

Partnership with SGEU. SLGA management continued to build upon the foundation of the strong working partnership it has developed with the Saskatchewan Government and General Employees Union (SGEU). SLGA continues to implement the commitments of the current Collective Agreement which is effective until 2004.

Leadership Training. SLGA's leadership training is intended to build leadership skills throughout the organization based upon the practises of mutual respect and self-responsibility. Since 1997, more than 600 employees have participated in various modules of the Leadership Development Program. During 2002-03, SLGA offered an introductory workshop to new employees and several employees completed the second Lead Management Development Program, taking part in a series of related workshops and development activities that build upon and strengthen Leadership Development principles and skills. A third Lead Management Program is under way.

Employment Equity Plan. SLGA's Employment Equity Plan was developed by a joint SGEU/SLGA Employment Equity Committee and was approved by the Saskatchewan Human Rights Commission on January 29, 2003. The Plan focuses on creating an inclusive workplace that supports the diversity of Saskatchewan people. SLGA is working with managers, union representatives and employees in coordinating implementation of the plan.

Aboriginal Partnership Agreement (APA). Under its partnership with Saskatchewan Government Relations and Aboriginal Affairs, SLGA is focusing its efforts to recruit and retain Aboriginal people to achieve a workforce which is representative of the proportion of Aboriginal people in the Saskatchewan working age population. A critical component of this effort is facilitating constructive race and cultural relations within SLGA.

Aboriginal Cultural Awareness Program (ACAP). In early 2002, SLGA used a tender process to contract the Saskatchewan Indian Federated

College to provide ACAP training to all SLGA employees over the next three years. The training is intended to provide an awareness and understanding of Aboriginal culture and history as well as current issues. In 2002-03, 294 employees participated in ACAP training.

Relationship Building with Stakeholders. SLGA works in partnership with a broad range of stakeholders and clients. Building positive relationships with these groups is critical to the success of the organization in meeting broader objectives. A list of SLGA's key stakeholders is included in Appendix B of this report.

Goal 4: Internal Operations
Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

Continually improving SLGA's internal operations is a critical component of SLGA's strategic direction. Achieving this goal means aligning SLGA's business processes with its strategic direction and ensuring the operational efficiency and overall productivity of the liquor and gaming industries in Saskatchewan.

Improved Supply-Chain Management. In 2002-03, work continued on technology projects that are key to enabling SLGA business units to meet their goals. In June 2002, the Product Inventory & Shipping Management (PRISM) system was implemented as SLGA's new supply chain system. PRISM is responsible for the efficient annual flow of more than 1.23 million cases of beverage alcohol from SLGA's distribution centre. The project was completed after two years of extensive research, analysis, design and testing by the project team. PRISM is a complex and integrated set of sub-systems, including: warehouse, merchandising and marketing management; billing and accounts receivable control; costing and accounts payable integration; and federal customs and excise reporting and payment.

Point-of-Sale System. In 2002-03, SLGA began preparing for the replacement of its point-of-sale (POS) system for liquor distribution to ensure a more efficient, accurate and responsive retail system. The project, ORION, has started to evaluate alternatives relating to the replacement of the 10-plus year-old liquor store POS system, consolidated head office reporting system and reporting systems for all SLGA operated liquor store locations. The project will recommend specific courses of action with a planned implementation of all components targeted for mid-2004.

Universal Product Codes. In 2002-03, SLGA adopted Universal Product Codes for all liquor products. This decision was made in partnership with most other Canadian jurisdictions and ensures SLGA compliance with this national decision to move away from Canadian Standard Product Codes (CSPCs) towards a more universally applied coding system. Adopting this new coding system has numerous benefits for SLGA, including facilitating product scanning, being more compatible with modern inventory management and POS systems, and making coding easier for SLGA's suppliers.

Online Charitable Gaming System. Work continued throughout the year on the charitable gaming system, which will provide the public with an Internet-enabled alternative to report charitable gaming activities. The system is expected to be launched by fall 2003.

Refinements to Planning and Budgeting Processes. In 2002-03, SLGA undertook significant efforts to improve and align its planning, budgeting and reporting processes. SLGA was the first Treasury Board Crown to adopt the principles of the province's Accountability Framework. SLGA's 2003-04 performance plan is outlined in this report. SLGA is committed to refining its plan and reporting progress in future years.

Gaming Operations Division. SLGA consolidated its electronic gaming functions into one division in

order to provide a centralized focus on gaming, including the province's VLTs, slot machines at SIGA casinos and breakopen vending machines. An important part of the Division's focus involves the ongoing monitoring of SIGA's operations, particularly with respect to the achievement of sustained progress benchmarks.

Liquor Sales. Following eight consecutive years of growth, sales volumes slipped 1.7 per cent during the year. Beer, the largest volume category, fell 2.2 per cent. Spirit sales fell 2.9 per cent during the year. The major Canadian whisky, vodka and rum sub-categories slipped 3.1, 1.6 and 3.8 per cent, respectively, to account for the overall decline in category performance. In contrast, the refreshment beverage category performed very well, up 7.1 per cent. This category, comprised primarily of coolers, cocktails and cider, continues to grow in popularity given the wide assortment of new flavours introduced on an annual basis. Similarly, wine sales jumped 2.5 per cent on the strength of a 10.3 per cent increase in red table wine volume and despite diminishing performances in the relatively high volume white table and sparkling sub-categories. (Please see Appendix C for additional sales details).

Product Listings and Distribution. In 2002-03, SLGA listed more than 2,100 products, which includes general listings, specialty listings (with an emphasis on fine wine) and domestic and imported beer. General listings remained relatively stable at 1,070. The specialty listing base, however, rose to 755 from 725 the previous year. SLGA continues to place a greater emphasis on procuring limited allocation premium wines from around the world to meet the growing requests of Saskatchewan consumers. Domestic and imported beer listings remained relatively constant at approximately 325 compared to an 11 per cent growth rate in the previous year. While a number of new brands and package sizes were introduced during the year, a number of privately-distributed beer products were removed from the market due to minimal sales volumes.

Central Distribution Centre. SLGA's distribution centre, located in Regina, processed 14,096 orders last year at an average of 126 cases of product per order for stores and 24 cases per order for franchises. This represents approximately 1.23 million cases of product shipped by warehouse staff in 2002-03. The equivalent amount of product is also received from suppliers and stored by the warehouse.

Special Occasion Permits. Special occasion permits are required for anyone serving alcohol at a special event such as weddings, cabarets and fundraisers. There were 18,051 permits issued in 2002-03, a decrease of 257 from the previous year.

Charitable Gaming Licenses. The total number of licences issued in 2002-03 was 4,123, down from 4,305 in 2001-02. Approximately $168.3 million was spent on bingo, breakopen tickets, and raffles, compared to $184 million in 2001-02. Saskatchewan charities received approximately $36.7 million from these fundraising activities last year, compared to $38.2 million in 2001-02.

Breakopen Tickets. Breakopen ticket sales decreased from $44.8 million in 2001-02 to $32.6 million in 2002-03, resulting in a decline in charity proceeds from $8.7 million in 2001-02 to $6.8 million in 2002-03. The hospital breakopen program, which includes all breakopen tickets sold through breakopen vending machines, saw a decrease in sales from $7.3 million in 2001-02 to $5.4 million in 2002-03. SLGA is reviewing options to enhance the hospital breakopen program to maintain this revenue source for Saskatoon and Regina health foundations.

Bingo. The bingo market saw a decrease in gross revenue over the previous year. Gross bingo sales for 2002-03 were approximately $111 million compared to $115.1 million in 2001-02. Charity revenues were $21.1 million in 2002-03 compared to $21.9 million in 2001-02.

Raffles. The raffle market was relatively stable with gross sales increasing to $24.6 million in 2002-03 from $24 million in 2001-02. The charity revenue for raffles increased from $7.6 million in 2001-02 to $8.8 million in 2002-03. The large raffle market, which includes raffles with a prize value greater than $100,000 increased slightly during the past year. Twenty-four large raffle licences were issued in 2002-03, up from 23 in 2001-02. A total of 650 licences were issued for all types of raffles in 2002-03, up from 620 in 2001-02.

Goal 5: Financial
Be fiscally responsible and accountable in support of provincial financial objectives.

This goal reflects SLGA's commitment to sound financial management, and overall financial accountability. An important part of achieving this goal lies in aligning SLGA's strategic goals with its financial planning and budgeting processes.

Increase in Net Income. SLGA's net income increased to $325.2 million in 2002-03, a 2.3 per cent increase from the $318 million in 2001-02. SLGA's net income reflects the total net revenue generated by the province's liquor industry and the majority of the commercial gaming industry minus operating expenses, including associated regulatory and compliance costs. This is a critical outcome for SLGA and it contributes significantly to meeting the government's revenue needs for the funding of other key programs.

Working with SIGA on Financial Accountability. SLGA continues to work with the Saskatchewan Indian Gaming Authority (SIGA) to achieve progress on the sustained progress benchmarks and the issues identified by the Provincial Auditor on matters of compliance and gaming integrity. In February 2003, SLGA issued Budgeting and Reporting Guidelines to SIGA. These guidelines provide SIGA with the content and timing requirements for submission of its annual budget, and monthly and quarterly financial reporting. In 2002-03, SIGA improved the timeliness and the content of financial information provided to SIGA's management and board, as well as to SLGA. Expenditures identified by the Provincial Auditor in 2000 as inappropriate, have now been fully recovered and SIGA payee lists for 2000-01 and 2001-02 have been made public.

Management's Report

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using Canadian generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

Management of the Authority has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within the Authority, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the Authority's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion of the fairness of presentation of the Authority's financial statements in accordance with Canadian generally accepted accounting principles.

Sandra Morgan
President & CEO
June 17, 2003

Barry Lacey, CMA, CA
Vice-President, Corporate Services

Wes Mazer, CMA
Manager, Financial Services

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Liquor and Gaming Authority as at March 31, 2003 and the statements of operations and retained earnings, and cash flows for the year then ended. The Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 17, 2003

Fred Wendel, CMA, CA
Provincial Auditor

LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	2003 (000's)	2002 (000's)
ASSETS		
Current assets:		
Cash	$ 3,061	$ 1,210
Due from General Revenue Fund (Note 3)	13,740	34,236
Accounts receivable (Note 7)	27,605	24,850
Prepaid expenses	5,516	2,301
Inventories (Note 5)	15,140	14,300
	65,062	76,897
Capital assets (Note 6)	80,250	32,732
Deferred Goods and Services Tax (Note 8)	3,202	381
	$ 148,514	$ 110,010
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	$ 21,226	$ 10,811
Payable to General Revenue Fund (Note 4)	95,244	66,297
Goods and Services Tax payable (Note 8)	5,838	4,948
	122,308	82,056
Accrued pension liability (Note 9)	26,134	24,438
	148,442	106,494
Retained earnings (Statement 2)	72	3,516
	$ 148,514	$ 110,010

Commitments (Note 10)

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the Year Ended March 31

	2003		2002
	Budget (000's) (Note 13)	Actual (000's) (Note 16)	Actual (000's)
Revenues:			
Liquor sales (Note 11)	$ 354,846	$ 353,723	$ 347,557
VLT	240,547	224,446	226,690
SIGA slot machines (Note 14)	72,700	79,978	67,348
Licences, permits, and other income	2,948	3,568	3,311
	671,041	661,715	644,906
Less SIGA promotional allowances	---	788	---
	671,041	660,927	644,906
Direct expenses:			
Cost of liquor	180,399	185,293	184,329
VLT site commission	37,620	35,603	35,639
	218,019	220,896	219,968
Operating expenses (Schedule 1):			
VLT, Liquor, and Other Gaming	74,422	64,974	64,142
SIGA slot machines	44,700	47,044	40,930
SIGA table and ancillary operation losses (Note 15)	1,900	2,778	1,583
	121,022	114,796	106,655
Net income for the year	$ 332,000	325,235	318,283
Retained earnings, beginning of year		3,516	943
Transfer to General Revenue Fund (Note 4)		(328,679)	(315,710)
Retained earnings, end of year - to Statement 1		$ 72	$ 3,516

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2003 (000's)	2002 (000's)
Cash flows from (used in) operating activities:		
Cash receipts from liquor sales, VLTs, slot machines, and other	$ 682,301	$ 640,302
Interest received	186	136
Cash paid to suppliers and employees	(325,630)	(306,037)
Goods and Services Tax paid (Note 8)	(21,267)	(10,038)
	335,590	324,363
Cash flows from (used in) investing activities:		
Purchase of capital assets	(54,503)	(9,124)
Cash flows from (used in) financing activities:		
Cash deposited in General Revenue Fund (Note 4)	(299,732)	(295,425)
Net (decrease) increase in cash	(18,645)	19,814
Cash position, beginning of year	35,446	15,632
Cash position, end of year	$ 16,801	$ 35,446
Cash position consists of:		
Cash	$ 3,061	$ 1,210
Due from General Revenue Fund	13,740	34,236
	$ 16,801	$ 35,446

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

1. Description of Business

The Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act, 1997*. The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

The Authority operates retail liquor stores and video lottery terminals. The Authority conducts and manages the breakopen vending machine program in the Province. It also owns and manages the slot machines at Saskatchewan Indian Gaming Authority Inc.'s (SIGA) casinos. SIGA's slot machine revenue and expenses are included in these financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies are described below.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, GST, Liquor Consumption Tax and discounts.

Licence Fees

Liquor and gaming licence fees are recorded when the licence is approved. Exhibition casino licence fees are based on the net revenue generated by the exhibition casinos. The Authority records these fees as the exhibition casinos generate net revenue.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

SIGA Slot Machines

Revenue from casino slot machines are recorded net of prizes paid out and accruals for anticipated amounts to be paid out for progressive jackpots.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash. The points accumulated are recorded as a liability and a promotional allowance.

(c) VLT site commission

Establishments where VLTs are located are entitled to commission based on 15% of the VLT revenue earned. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wine, coolers, spirits and beer are valued at the lower of cost and net realizable value.

(e) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized commencing in the year which assets are placed in service on a straight-line basis at rates designed to allocate the cost of the capital assets over their estimated useful lives. Rates are as follows:

Buildings	2.5 - 5% per annum
Furniture & Equipment	15 - 33% per annum
VLTs & Slot machines	20% per annum
Breakopen Vending Machines	15 - 33% per annum

Leasehold improvements are amortized over the term of the lease.

(f) Pension Expense

The cost of the pension benefits earned by employees who are members of the Authority's defined benefit plan, is determined using the projected benefit method prorated on service. The amount of the expense reflects management's best estimate of the plan's expected investment performance, salary escalation, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, that may be granted by the Lieutenant Governor in Council.

The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value (market value) for the purposes of calculating the expected return on plan assets. The net actuarial gain (loss), transitional obligation resulting from adoption of new accounting rules in 2001, and plan amendments are amortized beginning in the year they arise over the expected average remaining service life of members of the defined benefit plan.

The Authority also has employees who are members of a defined contribution pension plan. The Authority expenses contributions it is required to make for current service of those employees.

(g) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

3. Due from General Revenue Fund

Most of the Authority's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on the Authority's bank accounts.

4. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows the Authority to provide interest free advances to the Minister of Finance for deposit in the General Revenue Fund (GRF) until the Treasury Board determines the disposition of the Authority's retained earnings. Under subsection 182(1) of the Act, the Treasury Board may, at any time, direct that all or any portion of the Authority's retained earnings be transferred to the GRF. The Treasury Board has directed the Authority to transfer $328,679 (2002 - $315,710) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2003 (000's)	2002 (000's)
Payable to GRF at beginning of year	$ (66,297)	$ (46,012)
Deposits during the year pursuant to Subsection 182(5)	299,732	295,425
Transfer to General Revenue Fund pursuant to Subsection 182(1)	(328,679)	(315,710)
Payable to GRF at end of year	$ (95,244)	$ (66,297)

5. Inventories

	2003 (000's)	2002 (000's)
Wines, coolers and spirits in stores	$ 7,386	$ 6,654
Wines, coolers and spirits in warehouse	6,648	6,934
Beer in stores	1,106	712
	$ 15,140	$ 14,300

6. Capital Assets

	2003			2002		
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)
Land	$ 2,276	$ ---	$ 2,276	$ 2,276	$ ---	$ 2,276
Buildings	22,625	11,396	11,229	22,025	10,652	11,373
VLTs	60,412	22,014	38,398	33,850	33,244	606
Slot machines	19,638	11,437	8,201	11,239	9,705	1,534
Furniture & equipment	31,088	15,883	15,205	24,112	12,853	11,259
Breakopen vending machines	3,002	1,786	1,216	3,027	1,196	1,831
Leasehold improvements	8,077	4,352	3,725	7,552	3,699	3,853
	$ 147,118	$ 66,868	$ 80,250	$ 104,081	$ 71,349	$ 32,732

7. Accounts Receivable

	2003 (000's)	2002 (000's)
SIGA slot machine receivable	$ 20,601	$ 19,481
VLT receivable	5,024	4,062
Other	1,980	1,307
	$ 27,605	$ 24,850

8. Goods and Services Tax

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by Canada Customs and Revenue Agency.

The formula requires the Authority to pay 14% on the purchase of taxable goods and services related to gaming programs and 7% on VLT site contractor commissions.

One-half of the GST paid on capital assets for gaming is set up as a deferred tax and is amortized on a straight-line basis over the useful life of those capital assets.

The Authority also pays GST to the Canada Customs and Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

9. Pension Plan

The Authority sponsors a defined benefit plan and participates in a multi-employer defined contribution plan covering substantially all of its employees. The defined contribution plan is the Public Employees Pension Plan (PEPP). During the year, the Authority paid to PEPP and expensed a total of $1,212,140 (2002 - $977,483) in required contributions.

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan) for the Authority. This Plan has been closed to new members since 1977.

Eckler Partners Ltd. performed the valuation of the Plan as at September 30, 2002 and extrapolated the valuation to December 31, 2002. The previous valuation was done as at June 30, 1999 and extrapolated to December 31, 2001 by Aon Consulting. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, salary increases, inflation and ad hoc indexing. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2003	2002
Expected long-term rate of return on plan assets	6.25%	6.25%
Discount rate	6.25%	6.25%
Salary increases	4.00%	3.00%
Inflation	3.00%	3.00%
Ad hoc increases to pensions as % of Consumer Price Index	50%	50%
Expected average remaining service life	5.9 years	8.5 years

A 1% change in the following assumptions would impact the accrued benefit obligation as described below:

Assumption	Impact (% of ending accrued benefit obligation)
Interest	10.8
Salary	1.5
Inflation	4.9

The Authority's pension expense, which is included in salary, wages, and fringe benefits, is:

	2003 (000's)	2002 (000's)
Current service cost - defined benefit plan	$ 873	$ 355
Current service cost - defined contribution plan	1,212	977
Interest cost	2,613	2,591
Expected return on pension plan assets	(867)	(897)
Amortization of net transitional obligation	535	535
Amortization of actuarial losses (gains)	628	(11)
Early retirement benefits	23	24
Net pension expense	$ 5,017	$ 3,574

Information about the Authority's defined benefit plan is as follows:

	2003 (000's)	2002 (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 42,023	$ 42,368
Current service cost - employer	873	355
Current service cost - employee	389	182
Interest cost	2,613	2,591
Benefits paid	(2,944)	(2,912)
Experience loss	2,350	---
Change in inflation assumption	---	(561)
Accrued benefit obligation, end of year	$ 45,304	$ 42,023
Plan assets		
Fair value of plan assets, beginning of year	$ 14,099	$ 14,646
Actual return on plan assets	(555)	43
Employer contributions	2,099	2,140
Employee contributions	389	182
Benefits paid	(2,944)	(2,912)
Fair value of plan assets, end of year	$ 13,088	$ 14,099
Funded status - Plan deficit	$32,216	$27,924
Unamortized transitional obligation	(2,944)	(3,479)
Unamortized net actuarial (losses)	(3,138)	(7)
Accrued pension liability	$ 26,134	$ 24,438

The forecast of cash outflows which exceed the cash inflows for the Plan has been determined using the long-term assumptions noted above and are described below.

The cash inflow is the amount of employee contributions received by the defined benefit plan and the total cash outflow is the amount required to pay all pension obligations. The net cash outflows do not consider future investment income and the redemption of investments.

	Net Cash Outflows (000's)
Next 5 years	$ 13,700
Next 10 years	$ 32,400
Next 30 years	$ 96,000

10. Commitments

Authority Leases

The Authority, as lessee, is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31	2003 (000's)	2002 (000's)
2003	$ ---	$ 3,183
2004	3,301	3,034
2005	2,931	2,798
2006	2,606	2,472
2007	1,976	1,842
2008	1,107	---
Subsequent years	3,831	4,574
Total	$ 15,752	$ 17,903

SIGA Leases, Sponsorships and SIGL

SIGA has obligations under operating leases for buildings, equipment and vehicles. SIGA has also previously committed to providing sponsorship funding to various agencies. The minimum lease payments and commitments for ongoing sponsorships over the next five years are as follows:

Year Ending March 31	Leases (000's)	Sponsorships (000's)
2004	$ 2,453	$ 438
2005	2,402	378
2006	2,280	300
2007	1,753	300
2008	1,398	300

The Casino Operating Agreement requires SIGA to pay Saskatchewan Indian Gaming Licensing (SIGL) the amount of SIGL's annual operating budget beginning 2003-04. SIGL's operating budget for 2003-04 is $2,084,776.

11. Liquor Sales

	2003 (000's)	2002 (000's)
Wine, coolers and spirits		
In stores:		
- To permittees	$ 33,218	$ 33,015
- To public	121,010	119,413
	154,228	152,428
To franchises:		
- To permittees	5,363	5,262
- To public	18,506	19,253
	23,869	24,515
	178,097	176,943
Beer		
- To permittees	119,325	119,126
- In stores	52,109	47,610
- To franchises	4,192	3,878
	175,626	170,614
Total	$ 353,723	$ 347,557

12. Fair Value

Cash, due from General Revenue Fund, accounts receivable, accounts payable, payable to General Revenue Fund, and Goods and Services Tax payable are all short-term in nature and as such their fair value approximates carrying value.

The accrued pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, the determination of the fair value of the pension liability is not practicable.

13. 2003 Budget

These amounts represent the budget approved by Treasury Board.

14. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority Inc.

On February 10, 1995, the Government of Saskatchewan made an agreement (Framework Agreement) with the Federation of Saskatchewan Indian Nations (FSIN), for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*.

On June 11, 2002, the Province and the FSIN developed the 2002 Framework Agreement to replace the 1995 Framework Agreement. The 2002 Framework Agreement has a term of 25 years. As with the 1995 Gaming Framework Agreement, the Government retains a portion of the net profits from slot machines in the GRF and distributes the remaining profits to the First Nations Fund, Community Initiatives Fund and the Community Development Corporations.

To implement the original 1995 Framework Agreement, the Authority and the Saskatchewan Indian Gaming Authority Inc. (SIGA) made agreements for casino operations and slot machine management. The casino operating agreement requires SIGA to pay the net profits from slot machines to the Authority. The slot machine management agreement ensures the Authority recovers at least the cost of slot machines, the related computer system, and interest over 5 years.

On June 11, 2002, the Authority and SIGA developed the 2002 Casino Operating Agreement, which replaces the 1995 Casino Operating Agreement and amendments. The 2002 Casino Operating Agreement, a 25-year agreement does not significantly alter the existing casino operating arrangement agreed to under the 1995 Casino Operating Agreement.

15. SIGA Table Games and Ancillary Operations

Under the Casino Operating Agreement between SIGA and the Authority, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. During the year, SIGA charged the following losses as an expense of slot machine operations:

	2003 (000's)	2002 (000's)
Table games revenues	$ 5,756	$ 6,785
Table games expenditures	6,792	7,405
Net losses from table games	$ 1,036	$ 620
Ancillary operations revenues	$ 4,952	$ 4,851
Ancillary operations expenditures	6,694	5,814
Net losses from ancillary operations	$ 1,742	$ 963
Total losses expensed	$ 2,778	$ 1,583

16. Segmented Information

The Authority operates in four segments - liquor, VLT, slots in SIGA casinos, and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the Province.

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of *The Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997.*

The slots in SIGA casinos segment reflects the operations of slot machines in casinos run by SIGA (see Notes 14 and 15).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and breakopen ticket sales and the regulation and support of the horse racing industry. The Other Gaming segment also includes the breakopen vending machine program. The breakopen vending machine program consists of vending machines capable of dispensing lottery tickets that may have a stipulated prize hidden under a paper covering. On behalf of the Authority, the Western Gaming Systems Inc. managed the breakopen vending machine program including the manufacturing and distribution of lottery tickets and charged the Authority $208,000 for their services for the year. The program had revenues of $1.2 million net of prizes and expenses (including operating expenses and distributions to charities) of $1.6 million for the year. Included in Other Gaming segment is a $0.4 million loss relating to the breakopen vending machine program.

The following table shows key amounts by segment.

	SEGMENTS					
	2003 (000'S)					2002 (000'S)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	$ 353,723	$ 224,446	$ 79,978	$ ---	$ 658,147	$ 641,595
Other Income	2,312	198	---	1,058	3,568	3,311
Total Revenues	356,035	224,644	79,978	1,058	661,715	644,906
Promotional Allowances	---	---	788	---	788	---
Direct Expenses	185,293	35,603	---	---	220,896	219,968
Operating expenses	44,317	11,060	49,822	9,597	114,796	106,655
Total Expenses	229,610	46,663	50,610	9,597	336,480	326,623
Net income (loss)	126,425	177,981	29,368	(8,539)	325,235	318,283
Retained earnings, beginning of year	---	---	3,516	---	3,516	943
Transfer to General Revenue Fund	126,425	177,981	32,812	(8,539)	328,679	315,710
Retained earnings, end of year	$ ---	$ ---	$ 72	$ ---	$ 72	$ 3,516
Capital expenditure	$ 4,559	$ 42,575	$ 7,369	$ ---	$ 54,503	$ 9,124
Amortization	$ 3,386	$ 707	$ 1,727	$ 1,363	$ 7,183	$ 8,464

17. Related Parties

These financial statements include transactions with related parties. The Authority is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Authority is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

Category	2003 (000's)	2002 (000's)
Salaries, wages, and fringe benefits	$ 4,533	$ 4,194
Rent, utilities, and insurance	3,030	2,447
Customer service programs	424	1,116
Communications	372	400

In addition, the Authority pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Authority collected the following amounts for the Department of Finance:

	2003 (000's)	2002 (000's)
Container deposits on domestic beer sales	$ 18,793	$ 19,133
Liquor Consumption Tax	18,457	11,998
Container deposits on all wine, coolers, spirits and imported beer products	4,799	4,767

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

18. Contingencies

As part of ongoing operations the Authority faces legal actions initiated by third parties and contract disputes. At year end there were actions outstanding against the Authority, which the ultimate outcome was not yet determinable. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

19. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of the Western Canada Lottery Corporation (WCLC) managed the video lottery terminals and central computer system on behalf of the Authority throughout the year. WCLC provided accounting, purchasing, cash disbursements, human resources, and technical services for the VLT program. WCLC also manages the slot machines and related computer system at the SIGA casinos for the Authority and maintains the breakopen vending machines on behalf of the Authority. WCLC charged the Authority $11.5 million (2002 - $ 10.4 million) to manage the VLT, slot machine program and maintain the breakopen vending machines for the year.

20. Comparative Figures

Certain prior year balances have been reclassified to conform with the current year's financial statement presentation.

Schedule 1

LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLT, Liquor & Other Gaming		Slots in SIGA Casino*		Total	
	2003 (000's)	2002 (000's)	2003 (000's)	2002 (000's)	2003 (000's)	2002 (000's)
Salaries, wages and fringe benefits	$ 32,981	$ 30,369	$ 22,997	$ 19,850	$ 55,978	$ 50,219
Professional and contractual services	6,935	6,294	2,672	2,469	9,607	8,763
Rent, utilities and insurance	5,074	4,715	4,127	5,298	9,201	10,013
Advertising, printing, and promotion	105	114	7,121	7,323	7,226	7,437
Capital asset amortization	5,456	7,176	3,403	1,288	8,859	8,464
Operations and maintenance	2,007	1,990	1,827	362	3,834	2,352
Goods and Services Tax	2,779	2,919	2,031	1,637	4,810	4,556
Grants	2,550	2,568	---	128	2,550	2,696
Travel and business	1,297	1,543	800	589	2,097	2,132
Stationery and supplies	1,251	1,282	593	1,156	1,844	2,438
Communications	1,115	1,189	383	392	1,498	1,581
Information technology	1,286	1,207	---	---	1,286	1,207
Sundry	170	235	779	225	949	460
Debit/credit charges	711	638	---	---	711	638
Customer service programs	696	1,365	---	---	696	1,365
Service charges and interest	467	446	184	57	651	503
Honoraria and related expenses	94	92	127	156	221	248
SIGA table and ancillary operation losses	---	---	2,778	1,583	2,778	1,583
	$ 64,974	$ 64,142	$ 49,822	$ 42,513	$ 114,796	$ 106,655

* Represents operating costs of SIGA Casinos.

Overview for 2003-04 and Beyond

As part of SLGA's commitment to implementing the Government of Saskatchewan's Accountability Framework, SLGA's 2002-03 Annual Report outlines 2002-03 achievements and also provides an assessment of the challenges and priorities ahead and how SLGA plans to address them. This section of the Annual Report provides an overview of SLGA's 2003-04 Corporate Balanced Scorecard which identifies the key outcomes that SLGA is working to achieve and how these outcomes will help SLGA meet its vision.

SLGA's 2003-04 Balanced Scorecard is the result of an intensive planning effort that began in the spring of 2002. While the Balanced Scorecard is a multi-year plan (2003-04 through 2005-06), the Plan will continue to evolve over time as both the planning environment changes, and as new challenges, opportunities and priorities emerge.

The 2003-04 Scorecard identifies five equally important perspectives or areas in which SLGA must focus in order to achieve its vision. Taken together, these perspectives represent an integrated blueprint for the organization.

SLGA's strategic direction reflects the changing nature and scope of the liquor and gaming sectors in Saskatchewan, in addition to reflecting SLGA's distinct roles as both an operator and a regulator of liquor and gaming products and services in the province. The Plan also reflects a number of important objectives which SLGA is working to achieve in collaboration with its stakeholders and partners. These include objectives surrounding: improving customer service; ensuring the socially responsible use of liquor and gaming products; improving overall accountability; strengthening regulatory compliance; and generating revenue in order to meet broader provincial objectives.

SLGA's Balanced Scorecard also identifies a series of key actions that will be undertaken in 2003-04 as well as a set of performance measures to help SLGA and the public track progress. Next year's Annual Report will focus on reporting progress on the plan of action presented here.

Corporate Balanced Scorecard at a Glance

Below is a summary of SLGA's 2003-04 Balanced Scorecard, including its vision, mission, guiding principles and key goals. SLGA's goals articulate the key outcomes that SLGA seeks to achieve in advancing its vision. The section below provides a detailed overview of SLGA's objectives, key actions and performance measures.

SLGA's Vision:

SLGA's vision describes the ideal state to which the organization strives:

- Excellent customer service;
- Progressive business operations and fiscal responsibility;
- Responsible use of liquor and gaming products;
- Fair access to liquor and gaming products and services;
- That charities, business and government realize their goals through the economic benefits generated through liquor and gaming activity; and,
- SLGA is an employer of choice representative of the diversity of Saskatchewan.

SLGA's Mission:

To distribute, control and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility.

Guiding Principles:

SLGA's guiding principles define its core beliefs and values, which govern the organization's conduct as it works to achieve its vision. SLGA's Guiding Principles are:

- **Integrity**: We will be honest, fair and trustworthy in our activities and relationships;
- **Social Responsibility**: We will conduct our operations in a manner that balances revenue generation and social responsibility;
- **Fiscal Responsibility**: We will conduct our operations in a fiscally responsible way;
- **Accountability**: We will be accountable to the Saskatchewan people for our actions, decisions and performance;
- **Open Communication**: We will communicate and consult internally and externally in an open, direct and respectful manner;
- **Mutual Respect**: We will be respectful in our interactions, based on fairness, equity and openness; and
- **Diversity**: We will value people and their differences.

SLGA'S Goals:

Goal 1: Customer Service perspective: Meet the expectations of customers by having the right products and services, delivered by friendly, courteous, and knowledgeable staff.

Goal 2: Public Policy perspective: Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industries.

Goal 3: Our People perspective: Provide a positive and healthy environment for our employees that values diversity, and encourages continuous learning, mutual respect and self-responsibility.

Goal 4: Internal perspective: Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

Goal 5: Financial perspective: Be fiscally responsible and accountable in support of provincial financial objectives.

Overview of SLGA's 2003-04 Net Income

SLGA's net income is transferred annually to the Government's General Revenue Fund (GRF). This annual transfer to the GRF represents a very significant contribution to meeting a wide range of broader provincial economic and social objectives.

SLGA's net income consists primarily of the following components: provincial VLT revenue; SIGA net income; and, profits from the retail liquor sector. SLGA's 2003-04 net income is estimated to increase by 6.3 per cent ($20 million) from $325.2 million in 2002-03 to an estimated $346 million. Since 2001-02, SLGA's net income has increased from $318 million to an estimated $346 million under SLGA's proposed 2003-04 budget. This represents a projected increase of more than nine per cent during this period.

This increase in SLGA's bottom line is primarily attributable to an increase in VLT revenue (due largely to new and additional machines being added to the network), and increases in SIGA's overall profitability (due largely to internal operational improvements and an increase in the number of slot machines in SIGA casinos). A complete review of SLGA's financial statements for 2002-03 is presented in this Annual Report.

SLGA's 2003-04 budget plan builds on the strategic direction set out in SLGA's Balanced Scorecard and is intended to support SLGA in achieving the goals and objectives set out in the Scorecard. Aligning the Strategic Plan with the budget plays a critical role in ensuring SLGA has the capacity to meet the objectives identified in its Balanced Scorecard. Proposed expenditures are linked to the achievement of specific objectives within the Balanced Scorecard, and relate primarily to the achievement of the following outcomes: enhancing customer service; strengthening regulatory compliance; meeting existing contractual obligations; maintaining and increasing commercial net income; investing in our employees; and, enhancing internal performance management.

Liquor and Gaming Trends and Issues

Environmental scanning provides an important foundation for planning as it can reveal strategic issues that need to be addressed and incorporated in a strategic plan. Below are some of the major trends and challenges faced by SLGA in achieving its vision.

Demographic and Economic Trends
Demographic trends outlined below have significant implications for SLGA in terms of how it delivers products and services into the future. They also affect SLGA's ability to generate and maintain a stable base of revenue as customer demographics change.

Provincial Population. Saskatchewan's overall population, while stable, has not been growing in the past several years. Because population growth is a determinant of the natural growth in overall liquor consumption and gaming activity, maintaining revenues over the long term remains a challenge for SLGA in this context.

Aging Population. Saskatchewan's population overall is aging. Generally speaking, overall liquor consumption levels decline with age. The impact that this aging trend has on gaming activity follows a similar trend.

Rural Depopulation. Rural depopulation is challenging the viability of SLGA stakeholders, such as rural liquor franchises and rural hoteliers.

Increasing Aboriginal Population. Saskatchewan's Aboriginal population is growing with a significant increase in the youth population. This trend, to some extent, counters the broader aging trend within Saskatchewan's population. As well, significant population growth has occurred in northern Saskatchewan, supported primarily by growth in the Aboriginal population.

Economic Impacts. While recent economic downturns did not have a noticeable impact on SLGA financial performance, broader economic

trends will always be important determinants of SLGA's financial outcomes.

Trends in Beverage Alcohol

Market Shift. With a shift towards wine and beer away from the spirit market, the volume of spirit sales decreased in the early 1990s. Throughout the mid-1990s to the present, sales volume has stabilized at around 5.3 million litres. Wine and cooler sales have shown a marked increase over the past eight years, increasing more than 40 per cent in litre sales since fiscal 1994. Beer sales have shown more fluctuations, although they too have increased more than 12 per cent since fiscal 1994. This shift away from spirits to wine and beer has resulted in declining profit margins largely because beer and wine products have a lower gross return for SLGA than spirits.

Convenience. A shift toward ready-to-drink products such as coolers, beer and pre-mixed cocktails.

Product Selection. Consumers want more product information, selection, convenience and better shopping environments.

Online Services. More pressure for online services, especially in the licensing area. (This is also an issue for the charitable gaming sector).

Balancing Competing Outcomes. Expectation to balance revenue generation initiatives with social responsibility.

Trends in Gaming

VLT Revenue. The gaming market may be approaching a leveling-off point for the number of electronic gaming devices feasible in the province. However, the replacement of the VLT network, as well as the addition of 400 incremental machines, is forecast to sustain or increase VLT revenue growth over the next few years.

Charitable Gaming Revenue. Increased competition in the gaming sector, changing customer preferences and limited population growth has negatively affected resources for charitable organizations. Gross spending on charitable gaming has declined from a high of $266 million in 1993 to a low of $177 million in 2000. Net income to beneficiaries, however, has remained fairly constant due to SLGA policy changes, such as the December 1994 elimination of SLGA's four per cent licensing fee on nearly all charitable gaming activities.

Horse Racing Sector. The live horse racing sector has experienced a 20-year decline in Saskatchewan due to a variety of factors. Wagering on live races in the province has decreased by 95 per cent since 1984. The majority of this loss has been picked up by wagering on simulcasts of races from out-of-province venues, resulting in a net decline in gross handle of 26 per cent over the same period.

Internal Challenges

Human Relations. SLGA, like many employers in the province, faces challenges as its workforce ages. Fifty-nine per cent of SLGA employees are older than 45 years. However, projected increases in Saskatchewan's Aboriginal population also presents an opportunity to partially meet the human resource challenges facing SLGA. Capitalizing on this opportunity will require building better relationships through Aboriginal awareness and employment equity initiatives.

Regulatory Compliance Trends. The gaming environment has changed from an industry primarily concentrated in charity gaming activities to a more commercial environment with the introduction of VLTs and casinos. Expansion into the electronic gaming sector introduced immediate challenges for compliance to develop gaming integrity standards, specific industry and technological knowledge to assess new products and a more sophisticated understanding of security and surveillance issues. The growth in the gaming sector requires improved registration capabilities as the number of gaming employees and suppliers increased significantly. This increased volume requires improvements to policy

and procedures to meet legislative requirements and an investigative capacity to conduct the required due diligence investigations. Compliance will be challenged to keep pace, as the industry continues to expand and evolve into the future.

Information Technology. One of the key internal challenges for SLGA is to continue its process of modernization of information systems and technology. This modernization is critical to meeting the customer service expectations of the public, and to improving SLGA's efficiency and effectiveness, particularly in the retail liquor and licensing areas of corporate operations.

Training. To support technology modernization, SLGA is also challenged to meet the training needs of its employees. Concerted effort is required to improve the technological and product knowledge skills of employees, in support of improved customer service and operational effectiveness. SLGA will continue to define core competencies for each position within SLGA as well as developing learning plans to ensure that its workforce moves forward with the changing environment and is prepared to meet future challenges.

Policy and Legislative Environment. The evolution of both the liquor and gaming sectors in Saskatchewan has many implications for SLGA's policy and legislative environments. The policy framework governing the many competing and distinct roles of SLGA requires constant evaluation and adjustment to meet new and emerging priorities and needs.

Accountability. The overall financial accountability of SLGA and its partners is critical to the success and credibility of SLGA. Ongoing efforts to constantly improve financial and non-financial accountability are a key part of SLGA's strategic direction.

Stakeholder Views. SLGA is constantly challenged to balance the many diverse and often competing interests of its stakeholders and partners. SLGA initiatives must consider the impact on the general public, industry stakeholders and societal concerns regarding social responsibility and enforcement issues. At the same time, as an important contributor of net income to the General Revenue Fund (GRF), SLGA is constantly striving to find ways to maintain and improve revenues. Similarly, requests by individual stakeholders must consider the impact on other stakeholders as well as the GRF.

Where We Are Headed, What We Intend To Do & How We Will Measure Progress

The following section of SLGA's Balanced Scorecard is intended to provide more detailed information about SLGA's plan for the future and what SLGA will do to achieve its strategic direction. The section describes in greater detail what SLGA's objectives are, why they are important, and what the organization intends to do to achieve them by specifying a number of key actions. This section also provides information that will help us to determine whether or not we have been successful in meeting the objectives defined by our Plan. In order to do this SLGA has presented a number of performance measures that provide information about specific outcomes identified in the Scorecard.

In 2003-04, SLGA will continue to refine its strategic direction and report on results. The success of SLGA's Plan depends on the support and skills of its employees, in addition to the support of stakeholders, partners and the public.

Goal 1: Customer Service. **Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.**

Objective 1: Customer Satisfaction Achieve and maintain a high level of customer satisfaction for our customers.
Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders. SLGA has defined a range of key actions and initiatives that support this focus on improving customer service. As a customer-oriented business, SLGA's strategic plan has dedicated considerable resources to continually improving customer service.
Key Actions For 2003-04
Evaluate the retail liquor customer survey to determine future customer service improvement initiatives. The survey will identify the overall level of customer satisfaction with SLGA and evaluate specific customer satisfaction with services and products offered by SLGA.
Develop and administer a licensing customer survey to measure performance and obtain feedback for future customer service improvement initiatives.
Continue to deliver and implement a customer service and product knowledge training program.
Develop external internet site to provide information and services to the public. In 2003-04, SLGA intends to expand the functionality of its Internet site with respect to SLGA's mandate and role for licensing and regulating charitable gaming. In 2003-04 this would include the development of online licensing forms, applications and regulations to improve and streamline access for SLGA clients and stakeholders.
Upgrade and roll-out internal management information systems to provide more information and access to online services for customers.

What Are We Measuring (continued)	Where Are We Starting From (2002-03)
Customer satisfaction measure - retail customers In the spring of 2003, SLGA administered a satisfaction survey pertaining to the retail liquor stores operated by SLGA.[1] Surveys can help SLGA develop strategies to improve customer satisfaction. In the future, SLGA will also survey its licensing customers. Overall, satisfaction ratings for SLGA's retail liquor customers are very strong.	Ninety-two per cent of survey respondents are satisfied with customer service at liquor stores.[2] Ninety-seven per cent of survey respondents said that the overall quality of service provided by liquor stores either met or exceeded their expectations.[3]
Per cent of retail staff trained in customer service/product knowledge This training is intended to enhance overall customer service through the provision of product knowledge and customer service training to eligible part-time and full-time retail employees. The training responds to a higher level of consumer demand for product information. Five hundred and ninety-one staff have participated in this training since 2000.	Ninety-five per cent.

[1] This survey was administered to a random sample of 1,500 Saskatchewan residents. The survey is considered accurate to within + or - 2.5 per cent at a 95 per cent confidence level.

[2] Rated on a scale of 1-7 (with 7 being very satisfied, and 1 being not at all satisfied), 43 per cent responded 7; 28 per cent 6; 21 per cent 5; with 8 per cent responded at 4 or lower.

[3] Fifteen per cent of survey respondents said that the overall quality of service at liquor stores exceeded their expectations; 82 per cent said the quality of service met their expectations; and, 3 per cent said that service quality fell short of their expectations.

Objective 2: Customer Focused Infrastructure.
Distribute liquor and gaming products through a contemporary infrastructure that balances customer expectations with fiscal responsibility.

SLGA's business, and the quality of its services are dependent on a range of components, including the infrastructure used to house and deliver its products and services. This infrastructure can range from retail liquor stores, to VLT and slot machines, to the warehouse inventory management system and point-of-sale system. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demands.

Key Actions For 2003-04

Implement a capital plan, including relocation projects, as well as significant upgrades and renovations to selected retail liquor stores.

Complete the replacement of the province's VLTs and the central computer system, which are approximately 10 years old. While vendor delays for the new operating system lowered SLGA's initial expectations for how many machines could be replaced in 2002-03, the process of upgrading the entire network of machines is expected to be completed in June 2003.

Under the terms of the Gaming Framework Agreement, implement a plan to add 375 new slot machines, and replace 155 aging machines in SIGA casinos through 2003-04.

Continue to conduct market research to identify potential improvements, enhancements and/or efficiencies to the beverage alcohol distribution system.

What Are We Measuring	Where Are We Starting From (2002-03)
Number of stores renovated/relocated Making structural investments to SLGA's retail liquor stores is a key component to improving customer service and meeting customer expectations. While a sustainable infrastructure helps meet the needs of SLGA's retail liquor operations, SLGA must also balance the desire to improve its infrastructure with financial considerations. SLGA's capital plan therefore envisions a measured approach to infrastructure renewal, which provides for some improvements but which also ensures that infrastructure investments are aligned with fiscal constraints.	SLGA announced that new liquor stores will be built in Yorkton and Gravelbourg. In addition, minor capital improvements were undertaken in Moose Jaw, Lloydminster, Humboldt and Kerrobert.

What Are We Measuring (continued)	Where Are We Starting From (2002-03)
Number of VLTs replaced SLGA implemented a process to replace the province's VLT network and the central computer system, which are approximately 10 years old. This process is intended to: renew the province's gaming infrastructure; enhance customer service; strengthen compliance; and, enhance social responsibility through the provision of modern VLTs equipped with features designed to help address problem gambling.	As of March 31, 2003, SLGA replaced 1,937 VLT machines.

Goal 2: Public Policy.
Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industries.

Objective 3: Monitoring and Regulating.
Promote integrity, responsibility and fairness in the liquor and gaming industry.

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors, including ensuring compliance with *The Alcohol and Gaming Regulation Act*. SLGA works in conjunction with law enforcement and other agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In addition to these roles, SLGA plays an important role in ensuring the legislative, regulatory and financial framework for the liquor and gaming industries addresses emerging challenges. All of these functions are designed to ensure the integrity of the liquor and gaming industries in the province within a legal framework that is both fair and responsible.

Key Actions For 2003-04

Continue SLGA's focus on monitoring SIGA's compliance with directives set out by SLGA.

Support SIGA in developing a comprehensive business plan and in responding to the Provincial Auditor's Office recommendations surrounding SIGA's planning and accountability.

Continue to implement improvements to the province's system for regulatory compliance in the liquor and gaming industries. In 2003-04, this work will focus on the registration of gaming industry employees and suppliers of gaming and non-gaming goods and services, as well as on the further development of gaming integrity standards.

Amend *The Alcohol and Gaming Regulation Act* and licensing terms and conditions to ensure increased liquor and gaming compliance standards.

Enhance the educational component of regulation and compliance by increasing the number of general public education meetings, community event workshops, liaison meetings with other regulators and providing training for commercial permittees, charitable gaming operators, special occasion permittees and SLGA staff.

What Are We Measuring (continued)	Where Are We Starting From (2002-03)
Below are a series of measures that show how SLGA monitors compliance in the liquor and gaming sectors in the province. Each measure contributes to ensuring the integrity of SLGA's regulatory compliance framework. The first measure is an aggregate outcome measure that depicts the effectiveness of SLGA's liquor compliance activity, by illustrating what percentage of inspections and investigations result in an actual sanction. Overall, compliance rates in the liquor sector are very high. Measures surrounding the number of inspections, investigations, sanctions, audits and registrations reflect the scope of activity conducted in various areas of regulatory compliance. SLGA also conducts a number of educational workshops that are intended to promote awareness about the laws and regulations governing the liquor and gaming industries in Saskatchewan. Ensuring a high degree of compliance is a key outcome envisioned by SLGA's Strategic Plan.	
Compliance rates for liquor activity [4] SLGA will report a compliance rate for gaming activity in its 2004-05 plan.	Compliance in Liquor Sector = 92 per cent[5] The compliance rate is 99 per cent if you count only those sanctions which resulted in a fine or a suspension as opposed to letters of warning.
Total number of compliance contacts with stakeholders	12,334 contacts.
Number of inspections [6]	In 2002-03, SLGA conducted 4,939 inspections.[7]
Number of investigations	In 2002-03, SLGA conducted 3,324 investigations.[8]
Number of audits/reviews	In 2002-03, SLGA conducted 132 audits and reviews of liquor stores, casinos and charitable gaming activities.
Number of registrations	In 2002-03, there were 2,553 registered gaming employees and 90 suppliers of gaming and non-gaming goods and services.

[4] This measure is calculated by taking the total number of sanctions for Liquor, and dividing this by the total number of inspections and investigations.

[5] The calculation is: total sanctions (292) divided by the total number of liquor and Special Occasion Permit inspections and investigations (3,761) = 7.8 per cent that resulted in some form of sanction.

[6] Investigations are conducted in response to a complaint or in following up on an infraction found as a result of an inspection. Inspections are done a part of a routine cycle of compliance activity.

[7] This number includes: 2,506 liquor inspections; 201 Special Occasion Permits; 264 VLT; 15 ATM; 1,685 casino; 121 halls; 99 bingos; 26 breakopen; and 22 raffles.

[8] Of these, 1,165 were investigations related to the registration of gaming employees and suppliers.

What Are We Measuring (continued)	Where Are We Starting From (2002-03)
Number of consultations regarding compliance issues	3,439, including: 1,936 consultations with liquor permittees; 664 with casinos; 460 with bingo halls; 216 with special occasion permittees; 66 VLT operators; and the remainder in breakopen tickets, raffles and horse racing.
Total number of sanctions	292 total sanctions of which 240 were initial letters of warning. Only 25 sanctions (or 8.5 per cent) resulted in a suspension, a fine or both.
Number of educational workshops	In 2002-03, SLGA provided 153 educational workshops through the Community Liaison Branch. As well, SLGA attended 54 meetings in a client education/informational capacity for charitable gaming.

Objective 4: Revenue Distribution.
Distribute liquor and gaming revenues among provincial stakeholders in support of broader provincial objectives.

SLGA plays a very significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders towards the achievement of broader provincial objectives. In 2002-03, SLGA transferred $328.7 million to the provincial government's General Revenue Fund. In addition, the policy and legislative framework governing the province's liquor and gaming sectors provides for the sharing of revenue among many stakeholders.

Key Actions For 2003-04

Continue to review and evaluate the province's overall gaming strategy. In partnership with SLGA, the Saskatchewan Gaming Corporation, the Saskatchewan Indian Gaming Authority and the Saskatchewan Indian Federated College, a three-year gaming research project has been initiated to provide in-depth historical analysis of the gaming market to provide an estimate of the market saturation point for electronic gaming and to also measure the substitution effect with non-electronic forms of gaming. In 2003-04, SLGA will oversee this research project and will use the results to provide the basis for updating SLGA's Strategic Plan.

Continue to implement the provisions of the Gaming Framework Agreement and work towards the fulfillment of its obligations.

Analyze and develop required annual amendments to *The Alcohol and Gaming Regulation Act* including reviewing the regulations and terms and conditions related to gaming licenses.

What Are We Measuring	**Where Are We Starting From (2002-03)**

The measure below reflects how revenues are shared among various provincial stakeholders within the liquor and gaming sectors in Saskatchewan. The measure is intended to show the broader context of how liquor and gaming revenues are distributed among many different provincial stakeholders to assist these groups in achieving economic and social objectives. The VLT site commission revenue is revenue provided to the owners of licensed establishments who have VLTs on the premises. The franchise commission is revenue shared with the province's network of liquor franchises. SLGA also provides a discount to commercial permittees to sell beer in provincial off-sale outlets. Proceeds from the province's charitable gaming activities (raffles, bingo and breakopen tickets) are the profits available to participating charities after prize payouts. The Gaming Framework Agreement provides for revenue sharing arrangements with both the First Nations Trust and the First Nations Addictions Rehabilitation Foundation. And finally, SLGA transfers its net income to the General Revenue Fund to help support other provincial objectives.

What Are We Measuring (continued)	Where Are We Starting From (2002-03)
Revenue distribution to stakeholders: • VLT site commission revenue • Off-sale permittee beer discount • Franchise commission • Charitable gaming proceeds • Net Income transferred to the General Revenue Fund	Revenue distribution to stakeholders: • $35.6 million • $9.8 million • $3.8 million • $37 million • $328.7 million

Objective 5: Fair Access. Support fair access to liquor and gaming products and services.	
The intent of this objective is to ensure fair access to liquor and gaming products and services across the province. Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the province's public delivery model. In the retail liquor distribution sector, the achievement of this objective is reliant on SLGA's partnership with the province's network of franchises and off-sale outlets, both of which play a significant role in serving rural and remote areas. Similarly, providing access to gaming activities depends on SLGA's partnership with VLT site contractors, the province's charitable gaming network and the SIGA casinos.	
Key Actions For 2003-04	
Liquor Store Capital Planning. The implementation of SLGA's capital plan for renovating, upgrading and in some cases, relocating the province's liquor stores, is intended to ensure fair and equitable access to our products and services across rural locations.	
What Are We Measuring	**Where Are We Starting From (2002-03)**
Retail Liquor Outlets Per Capita[9] This measure depicts the ratio of liquor outlets per capita, and serves as a good indicator for tracking fair access to liquor products and services. The measure is calculated by adding together the number of liquor stores, the number of franchises, and the number of off-sale outlets and dividing this total by the population of the province. According to a 2002 national study by one of SLGA's suppliers, Saskatchewan's ratio of retail liquor outlets per capita is higher than any other jurisdiction in Canada.	One outlet per 1,297 people (1:1,297)
Number of Communities with VLTs This measure tracks the number of communities with VLTs. The measure serves as a good indicator for tracking fair access to VLTs.	As of March 31, 2003 there were 3,760 VLTs in 691 sites, located in 334 communities in the province.

[9] This figure is calculated as follows: total liquor outlets for 2002-03 = retail liquor stores (81) + franchises (190) + off-sale outlets (484) = 755 total outlets. Saskatchewan had a population of 978,933 using figures from the 2001 Census. The result is one outlet for every 1,297 people. The equivalent measure in Alberta for 2001-02 was one outlet for every 2,090 people.

Objective 6: Social Responsibility.
Promote social responsibility in the use of liquor and gaming products.

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health and Saskatchewan Government Insurance. Social responsibility forms a part of SLGA's mandate and work towards this objective is an important part of SLGA's strategic direction.

Key Actions For 2003-04

Assess SLGA's role in social responsibility and develop a plan to effectively fulfill its mandate.

Work with Saskatchewan Health to develop and implement initiatives targeted specifically at social responsibility for gaming, including: monitoring the 2002-03 agreements that were signed to fund three mobile crisis organizations in Regina, Saskatoon and Prince Albert to operate the Problem Gambling Help Line; making funding available to Help Line operator training; implementing a media/public education strategy directed at problem gambling; and, funding the Saskatchewan Responsible Gaming Association.

Begin evaluation of the two-year pilot project banning the sale of beer in glass bottles in La Loche. SLGA implemented a beer bottle ban pilot project in the community of La Loche effective April 1, 2002 and is closely evaluating the impact on the community for the duration of the pilot through 2003-04.

What Are We Measuring	Where Are We Starting From (2002-03)

Under Development
As SLGA reviews and assesses its role in promoting social responsibility in the liquor and gaming industries, the organization will develop outcome measures that help evaluate how well it is doing in meeting this objective. Some of the measures that could be considered in evaluating the success of this objective could include: measuring the prevalence of problem gambling in the province over time; measuring outcomes surrounding the safe and responsible use of liquor; or measuring client use of the problem gambling help line. It is important to note however, that SLGA must work in partnership with other organizations to measure and report on these outcomes.

How does SLGA currently contribute to social responsibility?
SLGA contributes to a number of programs and initiatives designed to improve the responsible use of liquor and gaming products including programs like: the Server Intervention Program; Have Someone for The Road Program; VLT Customer Assistance Training; Fetal Alcohol Syndrome Awareness Program; the Problem Gambling Help Line; the Saskatchewan Responsible Gaming Association; and an initiative banning beer bottles in La Loche. In addition, as noted under Objective 3 (Monitoring and Regulation), SLGA also has an important role in promoting awareness about social responsibility through its compliance, sanctions and inspections functions, including through the provision of educational workshops, and consultations with commercial permittees and special occasion permittees. SLGA has also adopted new features on VLT machines designed to address problem gambling.

Goal 3: Our People.
Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility.

Objective 7: Employee Health, Safety and Satisfaction.
Create a safe, healthy, and positive workplace for our employees.

SLGA is a significant employer in the province, with approximately 850 full-time, part-time and casual staff in 64 communities. As a provider of services, SLGA's staff are critical to ensuring the organization's success in meeting customer's needs and being successful as a business. SLGA is committed to its vision of being an employer of choice and to living up to its guiding principle of mutual respect. This objective reflects SLGA's commitment to ensuring a positive, healthy and safe workplace for its employees. SLGA believes that the work environment is a significant determinant of employee success and productivity, and as such is a key component of its Strategic Plan.

Key Actions For 2003-04

Develop and implement a training program for harassment & violence awareness in the workplace and deliver this training to all SLGA employees.

Maintain positive labour relations by continuing to use a co-operative, collaborative approach and direct communication with elected and appointed union representatives.

What Are We Measuring	**Where Are We Starting From (2002-03)**
The measure below evaluates specific components of SLGA's workplace. The measure reflects the extent to which employees have taken training designed to eliminate harassment and violence in the workplace.	
Number of employees who have taken harassment & violence in the workplace awareness training each year.	Under Development. This is a new training program. SLGA will develop a baseline for this measure in 2003-04.

Objective 8: Employee Performance and Skill Development. Develop the capacity and skills of our employees by offering opportunities for learning and growth.	
Developing the capacity of SLGA's employees is an important component of SLGA's renewed approach to performance management and accountability. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and performance. These initiatives are important components of ensuring that the organization has the capacity to meet other strategic outcomes, including enhancing customer service and strengthening overall productivity. As well, this objective is tied to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning.	
Key Actions For 2003-04	
Develop a learning plan program that assists employees in developing their skill sets and directs the organization to proactively address career and succession planning opportunities.	
Train employees in leadership skills by offering introductory and management courses as well as specialized modules for specific leadership issues.	
What Are We Measuring	**Where Are We Starting From (2002-03)**
The measure below evaluates specific components of SLGA's approach to performance management and provides employees with tools to further their professional development. The measure reflects the extent to which employees have individual learning and performance plans. These policies are currently being developed and will be piloted in 2003-04. SLGA will report on progress towards these measures in its 2004-05 performance plan. Learning and performance plans are tools to help increase productivity, target training dollars and link performance planning to other strategic priorities in the Balanced Scorecard. SLGA's leadership training is intended to build internal capacity for leadership skills throughout the organization.	
Cumulative number of employees that complete leadership training	More than 600 employees have participated since this program's inception in 1997.

Objective 9: Representative Workforce. Develop a workforce that is representative of the population we serve.	
This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. It is a critical component of SLGA's Balanced Scorecard and is also a key outcome envisioned by SLGA's Corporate Employment Equity Plan that was approved by the Saskatchewan Human Rights Commission on January 29, 2003.	
Key Actions For 2003-04	
Continue to implement a training program for Aboriginal cultural awareness and diversity and deliver it to all SLGA employees.	
Based on the Aboriginal Partnership Agreement and the joint union/management Employment Equity Plan, prepare the organization to hire and retain employees from the four designated groups (Aboriginal people, people with disabilities, visible minorities and women in under represented occupations).	
Implementation of the Corporate Employment Equity Plan, including specific actions surrounding: recruitment and hiring strategies; retention strategies; employee education; performance management; and, job classification, designation and evaluation.	
What Are We Measuring	**Where Are We Starting From (2002-03)**
Equity group employment [10] This measure depicts the employment status of the four designated equity groups within SLGA. It is an important indicator for evaluating progress towards achieving a representative workforce.	May 2002 SLGA employment by equity group: • Aboriginal People = 5 per cent • Women [11] = 58.1 per cent • Persons with disabilities = 3.7 per cent • Visible minority persons = 2.1 per cent
Number of employees who have taken Aboriginal Awareness training By providing current employees with an awareness and appreciation of Aboriginal culture, SLGA will be better positioned to recruit and retain qualified Aboriginal employees as well as members of other equity groups.	In 2002-03, 294 employees participated in Aboriginal Awareness Training.

[10] According to the Saskatchewan Human Rights Commission, a representative workforce would be: women = 45 per cent; Aboriginal people = 12.5 per cent; persons with disabilities = 9.7 per cent; visible minority persons = 2.8 per cent.

[11] This baseline represents "women" overall and does not reflect "women in under represented occupations." While women in general are not under represented in SLGA, they are under represented in management positions.

Objective 10: Communication. Effectively communicate our policies, priorities and results to the public.	
This objective reflects the importance of communicating SLGA's priorities, policies and programs effectively to the public and our stakeholders. Due to the size of SLGA as an organization, and given the number and diversity of stakeholders and customers in the liquor and gaming industries in Saskatchewan, effective overall communication is a critical corporate priority.	
Key Actions For 2003-04	
Effectively communicate SLGA's priorities, policies, procedures, initiatives, and results internally across the organization. Improving internal communication on key policies will also help improve SLGA's capacity to better respond to customer and stakeholder inquiries.	
Strengthen public, employee and stakeholder access to corporate information and services using online technology and by improving SLGA's web-based information.	
Publish SLGA's Corporate Strategic Plan (Balanced Scorecard) and its performance results.	
What Are We Measuring	**Where Are We Starting From (2002-03)**
Under Development SLGA is developing performance measures for this objective which effectively measure the organization's success in communicating externally. Some of the measures the corporation is developing include: the perceived value and use of the public website; measuring the full extent of SLGA's consultation activity with stakeholders and customers; evaluating understanding of SLGA's policies; and, measuring the effectiveness of our public performance reporting.	

Goal 4: Internal Operations.
Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

Objective 11: Improved Business Processes and Infrastructure.
Streamline our internal business processes and infrastructure to foster continuous improvements, enable our employees and strengthen our customer service capabilities.

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operations. The objective seeks to align all of SLGA's key business processes with the achievement of the other key outcomes identified in this Balanced Scorecard. Operational improvements are very diverse in scope and can include: aligning our information systems and technology with key priorities; refining and improving our annual planning and budgeting processes; providing meaningful research and policy analysis to decision-makers on key issues within the liquor and gaming sectors; making strategic operational investments which improve service and revenue growth; and, seeking efficiencies in the delivery of programs and services.

Key Actions For 2003-04

Develop and implement an online charitable gaming system that automates and redesigns business processes and is Internet enabled. SLGA has also begun work on a similar system for liquor licensing.

What Are We Measuring	Where Are We Starting From (2002-03)

Under Development
SLGA is assessing a number of possible performance measures that will help the organization track success in improving its internal business processes. Some possible measures include: developing a return on investment measure which evaluates the extent to which operational expenditures translate into improvements in revenues and net income, and developing measures which evaluate the overall effectiveness of improvements to information systems and online services. SLGA will report a performance measure for this objective in its 2004-05 performance plan.

Objective 12: Liquor and Gaming Distribution Productivity.
Distribute and manage liquor and gaming products efficiently to ensure customer expectations are being met in a cost effective manner.

This objective speaks to SLGA's operational efficiency in the distribution component of the liquor and gaming sectors in Saskatchewan. An important part of ensuring a high degree of efficiency and productivity in distribution rests with SLGA's information systems capacity. For example, in 2002-03 SLGA began several initiatives designed to improve the supply chain and sales process for liquor distribution, including upgrading our point-of-sale systems. The objective's key actions also speak to SLGA's relationship with its partners in this distribution activity, including the Saskatchewan Indian Gaming Authority (SIGA) and the Western Canada Lottery Corporation (WCLC). The measures presented under this objective provide an assessment of the effectiveness of SLGA's approach to managing these operations.

Key Actions For 2003-04

Refine and upgrade the supply chain and replace the point-of-sale system for liquor distribution.

Monitor and approve budgets from WCLC.

Monitor and approve budgets from SIGA.

What Are We Measuring	Where Are We Starting From (2002-03)
Store operating cost as a percentage of store sales This measure will gauge SLGA's efforts to optimize store revenue using the least amount of operational resources. Store costs include labour, supply costs and all capital and equipment costs.	In 2002-03, store operating costs were 12.6 per cent of store sales.
WCLC costs as a per cent of VLT revenue This measure depicts SLGA's efforts to optimize the return on investment from contracting with WCLC to administer the central computer systems for the province's VLTs.	In 2002-03, WCLC costs were 4.4 per cent of VLT revenue.
SIGA costs as a per cent of SIGA revenue The measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenues increase at a faster rate than the costs required to operate the slots. The result of this measure shows that SIGA is making progress in optimizing slot machine revenue generation based on its use of resources. In fact, SIGA lowered these costs significantly since 2000-01, when the ratio was nearly 68 per cent.	In 2002-03, SIGA costs were 59.4 per cent of SIGA revenues.

Goal 5: Financial.
Be fiscally responsible and accountable in support of provincial financial objectives.

Objective 13: Financial Management and Accountability.
Manage our resources effectively to ensure fiscal responsibility and accountability.

This objective reflects SLGA's commitment to sound financial management, and overall financial accountability. An important part of achieving this objective is aligning SLGA's Balanced Scorecard with our financial planning and budgeting processes.

Key Actions For 2003-04

Strengthen the organization's overall approach to aligning financial and strategic planning. Ongoing refinements to SLGA's planning and budgeting processes are a key part of the organization's commitment to improving performance management and overall accountability.

What Are We Measuring	Where Are We Starting From (2002-03)
Net income SLGA's net income reflects the total net revenue generated by the province's liquor industry and the majority of the gaming industry after deducting operating expenses. The measure reflects the amount of money that SLGA generated in 2002-03 to help fund important public social programs.	In 2002-03, net income was $325.2 million.
Net income percentage variance from previous year This measure depicts the percentage change in SLGA's net income from the previous year. Notwithstanding factors out of SLGA's control, SLGA is committed to meeting its approved budgets and is committed to ensuring there is a financial return for public funds expended.	+ 2.2 per cent

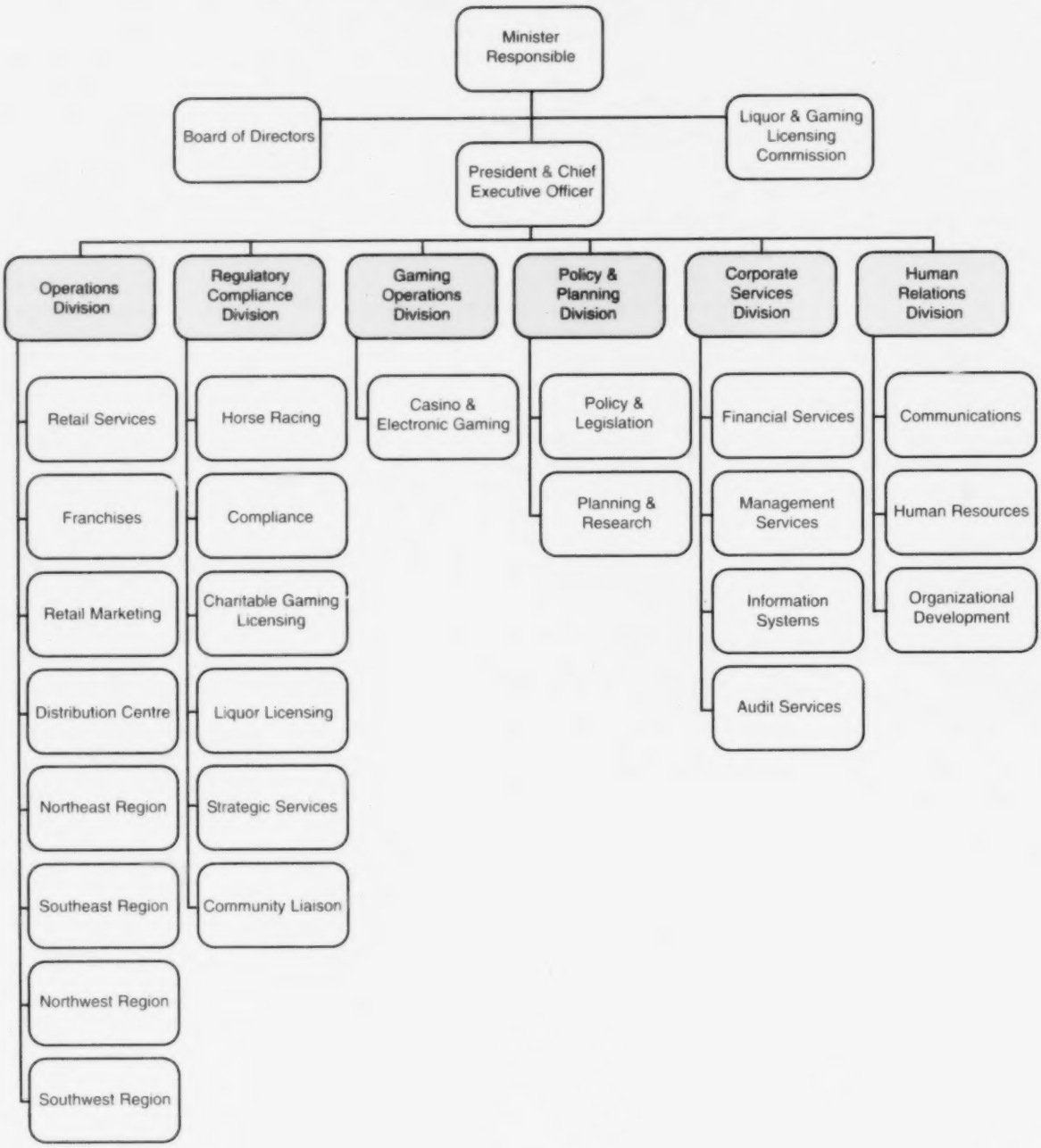
Where To Obtain Additional Information

If you have any questions or comments about SLGA's Balanced Scorecard, or if you have specific questions about the programs and services provided by SLGA, please contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK, S4P 3M3
www.slga.gov.sk.ca
(306)787-4214

Appendix A

SLGA Organizational Chart



Appendix B

Summary of SLGA's Partners and Stakeholders

Association of Canadian Distillers. The Association of Canadian Distillers (ACD) is the national trade association of Canadian manufacturers and marketers of distilled spirit products including Canadian whisky, rum, vodka, gin, liqueurs and coolers.

Brew Pub Operators. There are currently 21 brew pubs operating in Saskatchewan.

Brewers Association of Canada (BAC). The Association represents the major breweries, as well as several microbreweries.

Canadian Restaurant and Foodservices Association (CRFA) (Saskatchewan Division). The CRFA has approximately 600 members in Saskatchewan including both licensed and non-licensed establishments.

Canadian Vintners Association. Is a national association dedicated to the promotion and well being of Canada's wine sector.

Charity Associations and Individual Charities. Charity associations and individual charities are the traditional beneficiaries of the gaming industry.

Federation of Saskatchewan Indian Nations (FSIN). The FSIN represents Saskatchewan's 73 First Nations. SLGA continues to work with the FSIN to implement the terms of the Gaming Framework Agreement.

Hotels Association of Saskatchewan (HAS). Established in 1932, approximately 475 hotels and motels belong to HAS. They represent both hotel owners and operators in urban areas and rural communities.

Nightclub Operators. Nightclub operators are a specialized component of the hospitality industry but share many of the concerns of the hoteliers and restaurateurs.

Non-Profit Clubs. This interest group consists of ethnic associations, service clubs, veteran organizations and sporting clubs (including golf and curling) that have a permanent facility/clubhouse and a special use permit (as opposed to those groups who use special occasion permits and may or may not have a permanent location).

Saskatchewan Government and General Employees Union (SGEU). Ninety per cent of SLGA employees are unionized.

Saskatchewan Indian Federated College. SLGA partners with SIFC on a number of important research and educational issues, including the development of a university program in gaming administration and casino management.

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's four First Nations casinos on behalf of the FSIN.

Saskatchewan Indian Gaming Licensing Inc. (SIGL). SIGL is building capacity to perform regulatory and licensing functions for First Nations gaming and was created under the Gaming Framework Agreement.

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents all of the franchises in rural Saskatchewan.

Saskatchewan Wine and Spirits Association (SWSA). SWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry.

Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities as agent for SLGA.

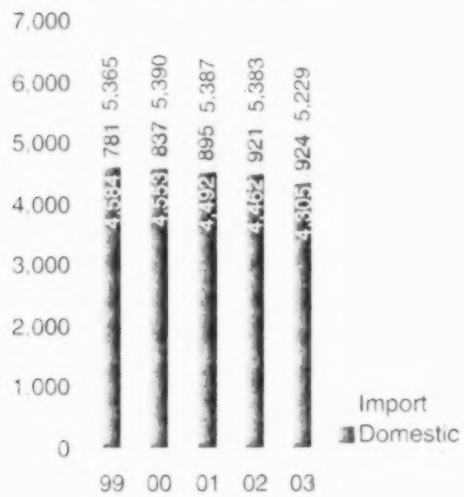
Western Gaming Systems Inc. Western Gaming Systems Inc. is Saskatchewan's primary source for breakopen gaming supplies.

Appendix C

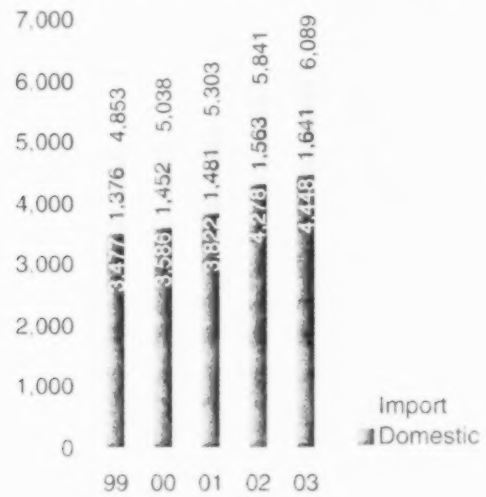
Volume of Sales - Five Year History

Financial years ending March 31

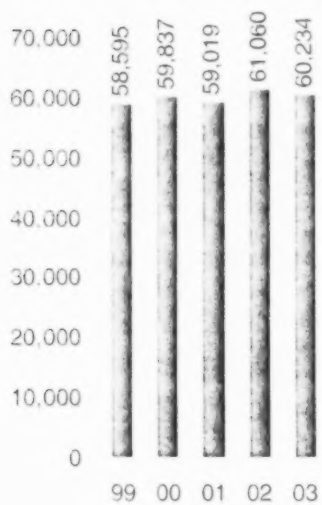
Spirits (000's of litres)



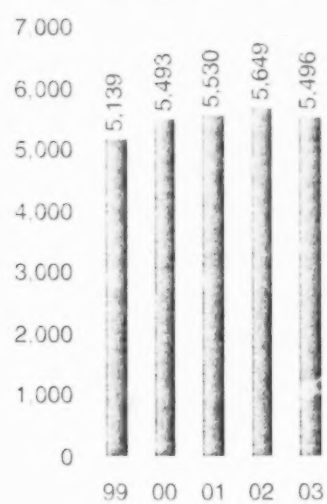
Wine and Coolers (000's of litres)



Beer (000's of litres)



Absolute Alcohol (000's of litres)

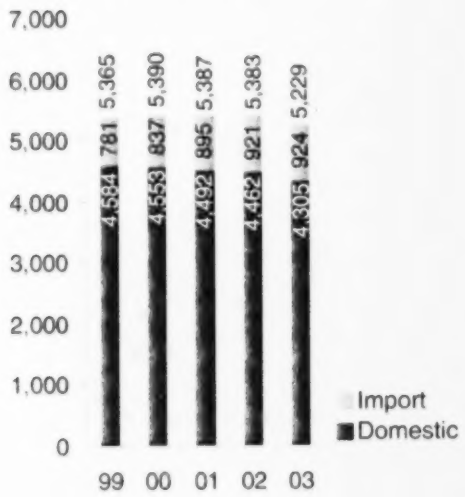


Appendix C

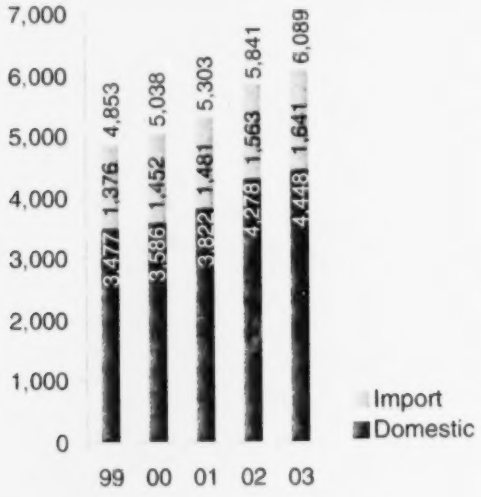
Volume of Sales - Five Year History

Financial years ending March 31

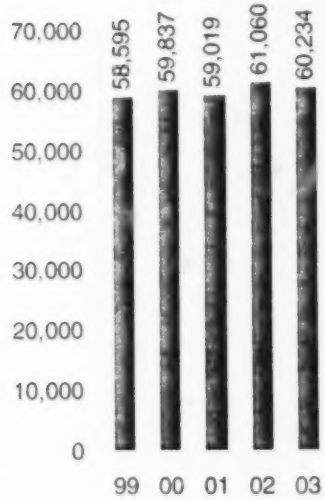
Spirits (000's of litres)



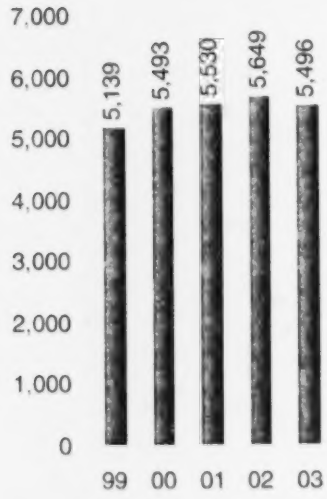
Wine and Coolers (000's of litres)



Beer (000's of litres)



Absolute Alcohol (000's of litres)

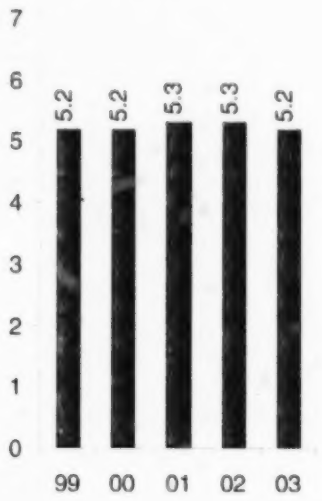


Appendix D

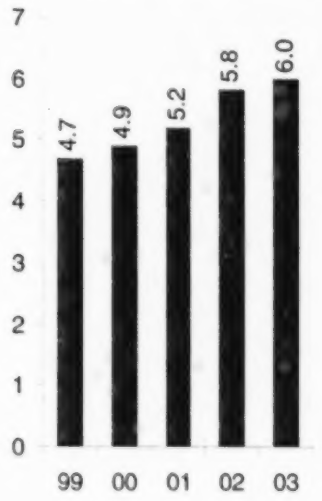
Per Capita Sales - Five Year History

Financial years ending March 31

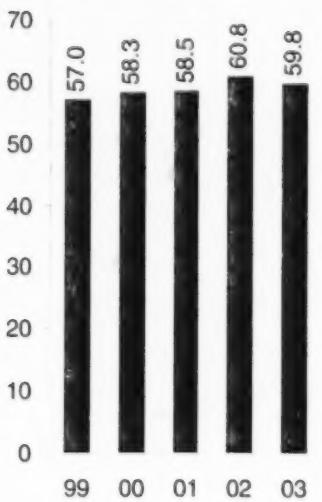
Spirits (litres)



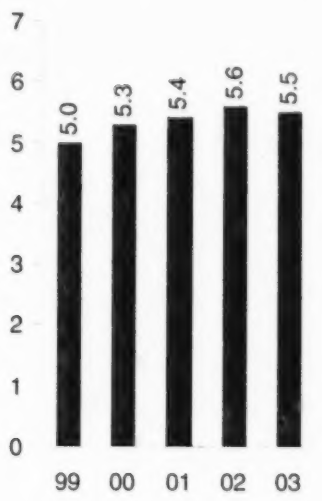
Wine and coolers (litres)



Beer (litres)



Absolute Alcohol (litres)



Appendix E

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission is an independent body which reviews the decisions of SLGA with respect to licensing, registration, cancellation and suspension issues. The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the industries over which it has jurisdiction, while ensuring the fairness and integrity of those industries. Any licensing party who disagrees with a decision of SLGA has the right to apply to the Commission for an appeal. Except in unusual circumstances, the SLGA's decision is stayed by the Commission Chair, pending the ruling of the Commission. By agreement between the SLGA and the Saskatchewan Indian Gaming Authority (SIGA), the Commission also hears SIGA reviews on the same basis.

During 2002-03, the Commission scheduled 36 hearings to address the same number of requests for review of various decisions made by SLGA and to hear objections by the public. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre in the province to the cause of action. Fourteen hearings were held in Regina and 22 hearings were held in Saskatoon during the past year. The applications have included reviews of SLGA's decisions to grant and to refuse liquor permits and gaming licences to various establishments and organizations. As well, registration, cancellation, and suspension issues are heard in addition to objections by the public to the granting of permits.

In response to recommendations made by the Commission, amendments were recently made to *The Alcohol and Gaming Regulation Act* and its Regulations to allow the Commission to decline hearing objections to liquor permits when the objections are competition-based, frivolous or vexatious.

Of the 36 hearings held, 23 were liquor related, comprised of six objection hearings, 15 assessment of penalty/suspension hearings and two denials of permits. Thirteen hearings involved denials and suspensions of gaming employee registration certificates, bingo/breakopen licenses and raffle licenses. These 13 hearings were comprised of four denial hearings in respect to bingo and breakopen licenses, one denial hearing in respect to a raffle license and eight hearings were held to speak to denials and suspensions of gaming registration certificates. The Commission provides written reasons for its review on the merits of all matters it hears. These written decisions are a matter of public record, and are maintained in the offices of the Commission Registrar.

As of March 31, 2003, the Commission members are:

Colleen L. Wilson - Chairperson - Saskatoon
Allan Oliver - Vice-Chairperson - Aneroid
Elaine Driver - Member - Fillmore
Gilbert Pelletier - Member - Yorkton
William Nelson - Member - Regina
Jean MacKay - Member - Regina
Darcia G. Schirr - Member - Regina

The Commission also has a full-time Registrar/Executive Secretary and one casual support staff.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up-to-date in the changing environment of administrative law and the industries it regulates through its own research.

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

FISCAL YEAR ENDING MARCH 31, 2003

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

PERSONAL SERVICES

Listed are individuals (excluding unionized employees) for whom $2,500 or more of expenses were recorded for salaries, wages, secondments, honorariums, etc. A list of salaries paid to unionized employees is available upon request.

Adams, Christopher	38,110
Adams, Fiona	75,766
Babichuk, Larry	58,132
Baird, Darrell	90,684
Banilevic, Valerie	70,135
Barber, Al	80,256
Barth, Karen	39,379
Beaudry, Ron	52,968
Beblow, Jolene	65,706
Benedict, Glen	48,975
Benesh-Redler, Melanie	31,716
Bilkhu, Bina	20,388
Briscoe, Michelle	61,531
Brown, Lorne	86,937
Bryska, Nelson	69,468
Burrows, Jamie	3,550
Cantin, Ken	53,281
Chatwell, Michael	65,161
Choma, Stephanie	71,709
Claypool, Leary	75,036
Collins, Ed J.	51,279
Cribb, Fiona	78,467
Danbrook, Spencer	46,514
Deminchuk, Brenda	69,109
Dennett, Cindy	39,648
Driver, Elaine	4,805
Dyck, Sandy	13,545
Engel, James	95,556
Frankowski, Gwen	75,036
Glendinning, Peter	21,817
Gould, Jack	57,043
Hanson, Cheryl	82,206
Hedley, Grant	52,532

Henschel, Gary	55,884
Hildebrandt, Barbara	63,485
Hubelit, Darrell	63,433
Ironside, Dennis	54,725
Jinks, Karen	46,988
Keck, Lori	30,910
Keith, Brian	62,430
Kilbride, Joel	53,860
King, Reg	72,161
Kraemer, Darrin	56,479
Krajewski, Derry	58,557
Kunkel, Wayne	85,913
Kyliuk, Violet	3,177
Lacey, Barry	95,711
LaPlante, Ted	58,557
Lekivetz, Cal	74,030
Lewis, Ross	65,161
Lovell, Melanie	79,491
Lucasavich, Walter	8,031
Markewich, Dale	111,483
Marr, Bill A.	85,913
Mazer, Wes	85,913
McNally, Derek	70,135
McRobb, Don	75,028
Messer-Lepage, Jacquie	86,044
Mildenberger, Greg	65,224
Mochoruk, Lori	36,425
Morgan, Dianne	67,733
Morgan, Sandra	131,960
Musqua, Delephine	11,368
Nelson, Bill	4,882
Newell, Al	53,281
Nystrom, Doug	53,267
Oliver, Allan	5,270
Pangracs, Rod	85,671
Pawluk, Ron	58,132
Pelletier, Gilbert	3,565
Peters, Dave	84,244
Pion, Josh	66,228

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Poole, Brian	73,568
Rafter, Faye	109,989
Sawatzky, Tracy	69,953
Schatz, Brian	72,955
Schoffer, Janet	75,613
Schulz, Laurie	18,562
Schumann, Kathy	42,685
Selinger, Jim	58,557
Selinger-Day, Shawna	47,028
Skaalrud, Lynnette	55,337
Slind, Blair	58,132
Stettner, Linda	39,005
Swan, Bonnie	20,124
Swan, Sam	70,135
Switzer, Janna	7,469
Thera, Leanne	17,744
Thomson, Lisa	36,296
Toth, Ron	68,053
Triffo, Ken	54,713
Venn, Gwen	48,299
Vircavs, Richard	44,207
Weber, Paul	108,956
Welch, Dave	64,769
Wilson, Colleen	18,150
Wirth, Lauren	52,344
Wlodarczyk, John	53,628
Wood, Lisa Ann	97,651
Yee, Chris	45,644
Total Personal Services	$ 5,750,899

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

TRAVEL

Osika, Hon. Ron	3,696
Other Travel	1,293,304
Total Travel	$ 1,297,000

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

GRANTS IN LIEU OF TAXES

Listed are cities and towns for whom $5,000 or more of grants in lieu of taxes were recorded.

City of:	
Estevan	7,702
Lloydminster	6,535
Melville	7,983
Moose Jaw	6,850
North Battleford	21,304
Prince Albert	35,542
Regina	412,057
Saskatoon	269,167
Swift Current	17,135
Weyburn	7,778
Yorkton	19,616
Town of:	
Carlyle	5,317
Creighton	8,960
Esterhazy	6,209
Fort Qu'Appelle	7,102
Humboldt	10,912
Kamsack	5,922
Kindersley	9,105
Meadow Lake	22,418
Melfort	10,348
Moosomin	6,616
Nipawin	8,342
Rosetown	7,740
Shaunavon	8,676
Shellbrook	19,235
Tisdale	7,062
Unity	5,805
Wadena	5,310
Wilkie	5,699

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Wynyard	5,785
Total Cities and Towns	978,248
Grants in Lieu under $5,000	97,503
Total Grants in Lieu of Taxes	$ 1,075,752

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

GRANT PAYMENTS

GRANTS TO THE HORSE RACING INDUSTRY

Equine Health Research Fund	20,000
Regina Exhibition Association	487,949
Saskatoon Prairieland Exhibition	858,480
Yorkton Exhibition Association	17,500
Yorkton Agri & Industrial Association	30,000
North American Pari-Mutual Regulators Association.	10,000
Total Grants to the Horse Racing Industry	$ 1,463,929

(UNAUDITED)

LIQUOR AND GAMING AUTHORITY

SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Listed are suppliers for whom $20,000 or more of expenses were recorded for the provision of goods and services including office supplies, advertising, contracts and equipment, etc. but not including alcoholic products.

A-1 Power Door Ltd.	64,069
Action Roofing Ltd..	49,896
Aon Reed Stenhouse	89,551
Arcon Services Ltd	60,201
Bally Gaming	1,180,097
Bell Canada	129,466
Bunzl Distribution	122,348
Business Printers	31,413
C.C. Craig Co. Ltd.	62,835
Canada Maritime Agencies	33,977
Canadian Communication Products Inc.	21,657
Canadian Pacific Limited	117,197
Checkpoint Canada	20,282
Comprehensive Computer Consulting Corp	182,555
Credit Union Central of Sask.	33,480
Danzas	77,026
Daringer Transport Ltd.	65,860
Data I/O Canada Corporation	36,289
Dell Computer Corporation	25,898
Diners Club Enroute	44,347
Direct Express	28,262
Dodge City Auto Ltd.	82,456
Donald Head	36,543
EDS Canada Inc.	2,167,498
Electronic Environments Ltd.	45,374
Exalta Transport Corp.	35,593
Fast Consulting	32,940
F.P.R. Developments Ltd.	205,595
First Commercial Management	39,070
Gardewine & Sons Ltd.	20,414
Gemsy's Money Handling Systems Inc.	24,551
Gene's Ltd.	272,766
GERS Inc.	107,246

(UNAUDITED)

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SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Giorgio Gori SRL	89,419
Gorham Holdings Ltd.	21,186
Grand & Toy.	67,941
Grand Avenue Developments	35,122
Grassroots Studio	32,306
Greystone Investments Ltd.	95,703
GTECH Corporation	5,073,579
Gunnebo Security	188,967
Harvard Property Management	236,465
Harvard Property Management Inc.	101,485
Hawood Inn	66,884
Heritage Investments Ltd	29,351
Hi-Tech Gaming Ltd.	2,813,673
Hotel Saskatchewan.	35,062
Hotels Association of Sask.	35,584
ICR Ashford Property Management	288,719
Imperial Parking	51,231
Innova Envelope Inc.	20,839
Insight Canada	24,821
IRISTA	230,903
J.F. Hillebrand	171,907
Jays Moving & Storage Ltd.	399,760
Jim Pomfrey Construction.	21,794
JLL Holding Co.	150,258
Kalamaki Properties	22,693
KD Mechanical	51,880
Kindersley Transport Ltd.	829,270
Lamarre Truck Service Ltd.	21,773
Linka Cleveland Law Offices.	141,192
Lucian & Peggy Lee	23,369
Luckett Wenman & Associates	145,782
McDougall Gauley	40,116
McGinn Engineering Ltd.	22,647
McLean Kennedy Inc.	58,123
Midwest Combustion	30,451
Mikohn Gaming Corporation	544,065
Mobile Crisis Services Inc.	81,460
Minister of Finance – Sask. Labour	14,375

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SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Minister of Finance – Govt. Relations & Aboriginal Affairs	96,291
Minister of Finance – Sask. Health	178,000
MSR Customs Software, Systems, Solutions	179,840
National Refrigeration Heating Ltd.	113,360
NCR Canada Ltd.	140,529
Network Innovations Inc.	46,443
NEX Innovations	24,853
OCR Ltd.	71,171
P & O Nedlloyd	38,460
P.S.P. Holdings	85,067
Paradigm Consulting Group.	1,314,422
Pensionfund Realty Limited	194,836
PeopleSoft Canada	252,911
Prince Albert Mobile Crisis Unit	83,363
Prudhomme Trucks Ltd.	203,880
Q R X Technology Group	31,318
Quill Transport	97,140
Ramada Hotel Convention Centre	25,641
Regency Manufacturing & Gaming Inc.	585,923
Regina Travelodge Joint Venture	57,260
Reimer Express Lines Ltd.	30,032
Richard Weisbrod Trucking	44,648
Ridsdale Transport Ltd	309,018
Riocan Real Estate Investment	69,230
Riocan Property Services	338,540
Rocom Management Ltd.	234,337
Royal Bank Western Card Centre.	52,556
Royal Flush Gaming Ltd.	499,824
Sandman Hotels	22,437
Sask Economic Development.	36,225
SaskEnergy	280,822
Saskatchewan Property Management Corporation.	2,214,772
Saskatchewan Indian Federated College	37,298
Saskatchewan Responsible Gaming Association	76,000
Saskatoon Crisis Intervention Service	80,809
Saskatoon Inn	24,371
SaskPower Corporation	497,690
SaskTel CMR	365,041

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SUPPLEMENTARY FINANCIAL INFORMATION

2002 - 2003

Scharfstein, Gibbings, Walen & Fisher	64,540
Securicor Cash Services	123,263
Sheraton Roll Products	31,646
Spielo Manufacturing Inc.	14,595,995
ST&J Retail Corporation	45,742
T & T Properties	197,773
The Cadillac Fairview Corporation Ltd.	113,373
Towers Ltd.	92,600
TRANSX Ltd.	38,248
Unidesa Machines	443,540
Unisource Canada Inc.	101,904
Vic West	302,820
Victory Construction Ltd	77,632
Vitran	1,311,416
VLC Inc.	5,872,386
Walters Industrial Mechanical	40,924
Warehouse Systems Inc.	41,487
WBM Office Systems	273,356
Wilson Banwell & Associates Ltd	54,063
Total Supplier Payments	$ 50,713,973

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